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THE NATIONAL INSURANCE ACT AT WORK:

WHAT IT IS EFFECTING AND
WHERE IT NEEDS AMENDING.

By SIDNEY WEBB.

THE GREAT SOCIAL EXPERIMENT.

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THE biggest social experiment of our time is now fairly launched. The vast scheme of National Insurance, which Mr. Lloyd George expounded to a bewildered House of Commons twenty-two months ago, is, at last, not only the law of the land, but also actually at work—no longer a mere instrument of taxation, but also a freely running fountain of benefits. A fund of nearly ten millions sterling has been already rolled up (apart from the Government contribution) as initial capital, six-sevenths of it as the Sickness Fund and one-seventh as the Unemployment Fund. On January 15th, 1913, nearly fourteen millions of people became eligible for one or other of the promised benefits in the event of the contingencies occurring. Yet, as regards the scheme as a whole, and how it is affecting our national life, the nation is still completely in the dark. The machinery of the Act is so complicated, the regulations are so multifarious, and the official information supplied is so discreetly limited—not to say evasive—that we none of us know where we are! The newspapers, whilst wearying us with the controversy over the doctors, and throwing in picturesque details about the earliest babies to earn the Maternity Benefit, have given up even looking at the four or five documents that the Commissioners publish day by day. The journalists have found the scheme as a whole, in its living and working reality, too complicated and difficult to tackle. We cannot see the forest for the trees!

It is, of course, far too early to pronounce any

balanced judgment on the scheme in its entirety. "This," said Mr. Balfour, "is the most complicated Bill of the last hundred years, and it touches more sets of people in more obscure and unanalysable ways than any measure which has been tried."*

That it will prevent an enormous amount of distress, relieve much misery, and save innumerable households from destitution is clear; and the mere magnitude of this side of the effects justifies a very real enthusiasm for the Act. Three millions sterling will have been distributed in benefits or spent on doctoring before March 31st next; and the first complete year will see fifteen millions paid out. To have secured the allocation of this huge sum—more than forty thousand pounds on every day of the year—from whatever sources derived, continuously and forever, to provision for the lowly in the hour of their need, is an immense achievement, for which we have all to be grateful to Mr. Lloyd George. And although we cannot yet trace, with even an approach to accuracy, all the varied effects, for good and for evil, that this vast social experiment will have on physique and character, on individual development and social organisation, it is important, if only with a view to the inevitable amending Bills that must come, to note at once whatever we can discern. The following pages, imperfect as they are, embody the fruit of much personal study and the reports of many trustworthy correspondents in different parts of

* House of Commons, October 25th, 1911.

the country. If they deal mainly with the shortcomings of the Act, and the various "roughnesses" of its working, this is only because it is these that need to be corrected; and must not be taken to indicate any lack of appreciation of its social benefits.

The National Insurance Act, 1911, is in two Parts, dealing with Sickness Insurance and Unemployment Insurance respectively. In reality, we have not one scheme, but two; and these two entirely distinct, having practically no connection with each other. Conceived by different authors or inventors at different dates, separately drafted, joined only artificially in a single statute, and administered by different departments, the two schemes are even now not completely co-ordinated.*

The two schemes must be separately treated. We begin with the larger and the more advertised Sickness Insurance.

I.—SICKNESS INSURANCE.

(a) Who are insured.

In a certain sense the boast is justified that the United Kingdom is, so far as adult men are concerned, now "a nation insured." The complicated arrangements for levying the contributions have worked far more smoothly, and considerably more efficiently, than the administrators ventured to hope for. With relatively few exceptions, the whole of the manual working wage-earners, whatever their earnings, and the whole of the other persons definitely "employed" in situations under £160 a year—in both cases from 16 to 70 years of age—have been swept into the net. The Commissioners have exercised their power of including in insurance all the married women employed as outworkers in all trades whatsoever. The categories of partially employed persons whom they have excluded from insurance are statistically unimportant. The curates have been ruled out by the Court! The evasions or definite rebellions of employers (up to now willingly acquiesced in, or even welcomed, by the employed)—though they kept many thousands of people out of insurance for the first few months—have now largely dwindled away. No facts on this point have been allowed to leak out. Here and there a few hundreds, or

possibly even a few thousands, of mistresses still persist, on absurdly theoretical grounds, in depriving their domestic servants of the advantages of the Act.

THE RESISTERS ARE FEW.

A certain number of small employers, in odds and ends of occupations all over the country, are still neglecting to put on stamps—in some actual cases are found to have really forgotten to do so! The middlemen, or rather "middlewomen," in the Nottingham lace trade seem to have managed, so far, practically to nullify the Act. In a good many instances, more or less casual clerks, or labourers, or charwomen, or miscellaneous outworkers, have not yet been troubled for either cards or contributions. Perhaps the only considerable number of cases of persistent neglect of the Act are to be found among the smaller farmers and other minor employers in the purely rural areas, especially in the remote parts of Yorkshire and the Lake District, Ireland, and the Highlands of Scotland. This state of things is rapidly passing away. Three months ago it was estimated that not much more than half the rural workers throughout the kingdom had begun to pay. Now it is believed that only a relatively small minority remain outside the Act. And it is estimated that new cards are still coming in at the rate of at least a thousand a day. In a very short time the whole taxable flock will have been—but for the inevitable odds and ends in the nooks and crannies—pretty well rounded up!

The numbers are not yet known with any certainty, even in the Commissioners' office, as every part of the machine is "snowed under" with cards, which are still pouring in. The actuaries estimated in November, 1911, that the numbers of insured persons for 1912-13 would reach nearly 14,000,000, of whom nearly 1,000,000 would have joined voluntarily. It is now stated that the number of voluntary contributors has everywhere fallen far short of expectation, though the total figure—probably under half a million—is not yet known. But the number of separate persons in respect of whom some contributions have been paid in the course of the past six months (and a single week's payment constitutes an insured person, entitled to some benefits), including both voluntary and compulsory, certainly exceeds 13,000,000, of whom 650,000 are in Wales, 800,000 in Ireland, and 1,200,000 in Scotland. The average number in respect of whom payments are being made each week is at present stated as considerably over 12,000,000. From the official standpoint the contributory side of the scheme, though not yet quite all-embracing, is

* Thus, to give a small instance, the week of employment, as regards Sickness Insurance, is a fixed period of time, from Sunday midnight to Sunday midnight (Third Schedule, par. 11); that as regards Unemployment Insurance is any six consecutive days. To the employer having to make both deductions this difference is in the highest degree inconvenient. Nor is it easy to explain to an insured person why he may lawfully and properly stamp his own card, when ill or unemployed, under Part I.; but is prohibited from stamping his book under like circumstances under Part II. of the Act.

working with an unexpected degree of smoothness and success.*

(b) How the £50,000 per day is being paid.

The Government is now selling every day, on an average, over £50,000 worth of Health Insurance stamps. How is this large sum being paid? There is naturally less satisfaction with the arrangements among those who find themselves compelled to contribute than among the officials. The employers, indeed, have for the most part, been making such exceptionally large profits that they have given up grumbling, either at the new impost of eight millions a year to which they find themselves subjected, or at the very considerable extra trouble and clerical work which it has involved. Large employers have had to engage additional clerks for the sole purpose of dealing with the forms and cards and accounts which the Act has necessitated.

That the new expense has simply been put upon prices is demonstrated in one industry after another. Building and engineering works contractors, for instance, have openly added the exact percentage to their tenders. Up and down the country particular employers have publicly notified an increase of prices as due directly to the Act. How much of the exceptionally great rise in prices during 1912—*about 5 per cent. over 1911*—may be put down to this increase in the expenses of production it is difficult to calculate. No economist has any doubt that it is the consumer who is paying, roughly in proportion to his expenditure on commodities, not only the whole tax and the expenses which it necessitates,

but even a little more.* Nevertheless, farmers, who believe the price of their produce to be fixed by foreign imports, and the many small employers, who feel themselves unable to raise their prices, lest the large employer should steal all their trade, complain that the Insurance Tax hits them personally very hard. Among these are the widow women struggling on with little hand laundries, the small shopkeepers with a few assistants, the little dressmakers and milliners, and many others in the nooks and corners of industry, to whom it seems as if the new tax may be the last straw to crush them in their bitter fight against the large employer. Earning as they nearly all do, less than £160 a year, they might on profitable terms, if under 45, within these six months, have become voluntary contributors on their own behalf (and thus added sixpence or sevenpence a week to their expenses), in the hope of being themselves provided for in sickness. This, it is now clear, they have, for the most part, been unable or unwilling to do. Hence the Insurance Act is net loss to them.

THE TAX ON WAGES.

Whatever may be thought, as a matter of theory, from the standpoint of the orthodox "Canons of Taxation," of the levy of a universal poll-tax on the manual working wage-earners, and on other employed persons getting less than £160 a year, neither the statesman nor the economist will be much concerned, in fact, about the tax on the wages of the ordinary artisan in fairly constant employment. Such a man will doubtless get value for his money, in a form which is at least as useful to the community as anything on which he would otherwise have spent his fourpence. And the great majority of the wage-earners have taken the deduction very quietly. In spite of wages remaining stationary, or only tardily rising, and of prices of commodities steadily going up, the "week's money" of 29/8 instead of 30/- has been accepted without demur, and with amazingly little grumbling. It is a remarkable manifestation both of the law-abidingness of our wage-earning class, and of the efficacy of democratic forms of government. The Czar of Russia could not openly have levied such a universal deduction fifty-two times a year from 13,000,000 scanty incomes. Even the Viceroy of

* There is reason to believe that, so little unemployment has there lately been, that nine-tenths of all the cards are completely stamped for each quarter. No exact information is yet available as to the number of employed persons from whom the employer (though he has to pay for his own stamp) cannot deduct a contribution, either because (a) they have £26 a year independent income, or (b) were 64 years of age on July 15th, 1912, and became employed after their 65th birthday; or (c) are only subsidiarily employed by some private person and are principally dependent on someone else. It is, however, estimated that these persons number, in the aggregate, somewhere between 100,000 and 150,000, or roughly, about 1 per cent. of the insured. The Commissioners have not yet decided how to apply, for the benefit of these persons, the contributions which their employers are making. Nor is there yet any information as to the numbers of adult workers who pay nothing because they earn less than 1/6 per day, or who pay reduced rates because they earn less than 2/- or 2/6 a day. It is interesting to notice that the actuaries in their report of November 28th, 1911, found themselves driven to the prediction that the "Government penny" for those under 2s. a day would amount, in the first complete year, to as much as £131,300—that no fewer than 95,000 adult men and 711,000 adult women would be found to be working for a remuneration (including all tips, perquisites, bonuses, cottages or requisites supplied under value, etc.) at the rate of less than 2/- for a full day's labour—which means, of course, an income of much less than £30 per annum.

* The consumption of the manual working class (two-thirds of the population) represents, it must be remembered, less than two-fifths of the total annual product, and that of the whole eight-ninths of the population below Income Tax level only about one-half. The Income Tax paying class (one-ninth of the total population) accounts for one-half of the total consumption. There seem no grounds on which it can be inferred that the incidence of the addition to the cost of production, which the Insurance Act has involved, in so far as it has caused a rise of prices, falls on the several classes in any different proportion than that of their several expenditures.

India would think seriously before attempting anything like it. It is the "consciousness of consent" that alone makes it possible.

Much more grave must be the judgment of the economist on the extent to which the new poll-tax is pressing on the hundreds of thousands—we fear, even the millions—at the bottom of the industrial pyramid. It is unfortunately already plain that, in the humblest grades of the wage-earners—just where the statesman has to be most assiduous to raise, instead of carelessly to lower, the Standard of Life—the contributions that are being exacted are causing serious hardships and patent injustice.

THE CASUAL LABOURERS.

The most glaring case is that of the "glut-men," the odd job men, or the extra hands or "casuals" in all sorts of trades, of whom, it must be remembered, there are in the United Kingdom, even apart from the building trades, somewhere between a quarter and a half a million of men, representing a population of something like a million souls, or more than the whole city of Glasgow. Here there is evidence, known to the Board of Trade, that in many different parts of the country the unfortunate men have often found themselves compelled to *stamp their own cards*, in order to get taken on at all! It is easy to understand what is reported to be happening; though it is fair to say, not so much at the London docks and wharves, or among large employers constantly dependent on casual labour, as in the case of smaller employers, only occasionally taking on casual hands, and in the case of outworkers taking casual jobs. The foreman, to whom application is made for work, asks at once, "Is your card stamped for this week?" If it is not stamped, he replies that there is no vacancy—and takes on the next applicant whose card is stamped! Employers even telephone to the Labour Exchanges for "a man with a stamped card!" The man, desperately eager not to lose a chance of a job, finds himself driven to buy seven pennyworth of Insurance stamps—*his employer's contribution in addition to his own*—in order to be able to exhibit, even on Monday, a stamped card. In many cases the unfortunate casual worker, living on a few odd days' work a week, is now actually paying sevenpence a week for benefits for most of which he will seldom be eligible, out of a weekly income which does not exceed ten or fifteen shillings.* This is a

hardship and an unintended injustice—aggravated, as we shall see, in the trades subject to Unemployment Insurance—which is causing a very bitter feeling, and calls imperatively for an immediate amendment of the law. Mr. Masterman repeatedly declares that the Government has the point under careful consideration. But time presses.

MULCTING THE WEAK.

In some instances—notably among domestic servants—employers are voluntarily paying the whole contribution, and deducting nothing. In other classes of employment the employers have, here and there, contrary to the spirit of the Act, not only made the lawful deduction from wages, but also avowedly "taken it out" of the operatives. In a few cases the weekly working hours have been deliberately increased by 2 or 3 per cent. without addition to wages. In many others, the rate of payment has been reduced. In still more cases the employers have withdrawn privileges—sometimes holidays, sometimes the firm's contribution to the sick fund; more frequently, the gratuitous supply of some factory requisite—avowedly because of the new impost put upon them (or, as already explained, really *on their customers*) by Mr. Lloyd George. Employers seem able to do in business, without self-reproach, "ungentlemanly" things that they would not dream of doing in their private capacity. One is ashamed to think that, in almost every reported case, it is only against weak and unorganised women that these mean aggressions have been made. But in spite of the deplorably large number of these cases already reported—cases which demand the urgent attention of the Department of the Board of Trade which is considering the extension of the scope of the Trade Boards Act—over the great bulk of industry (especially where there are Trade Unions), the wage-earners have not been asked directly to pay the employer's share. To the extent that they are consumers, they are, of course, paying it, as already explained, in the enhanced cost of the commodities that they buy. And here the economist

it possible—we cannot put it any higher—one day to effect a real measure of decasualisation. This important preliminary step might equally be taken at London and Newcastle, Glasgow and Hull, if the employers would only respond to the invitations of the Board of Trade for such a reform. At one or two other ports the employers have, for their own convenience, taken some joint action. Thus, at Leith, where the first employer in each week stamps the card for the week, even if he employs the man only for a few hours, the associated employees have a monthly "clearing," when their several payments are mutually adjusted so as to correspond with their several wage totals. At Sunderland, the Labour Exchange issues tallies to the recognised wharf labourers, without which they are not taken on; but there is no system of combined pays as at Liverpool and Goole. A very successful scheme is worked by the Labour Exchange for the Manchester cloth-porters.

* On the other hand, with regard to the casual dock labourers at Liverpool and Goole, it must be stated to the credit of the Insurance Act that, owing to the zeal of the local Board of Trade officials, it has there been the means (as described in the Supplement to THE CRUSADE for January, 1913, and more fully in an article by Mr. F. Keeling appearing in the *Economic Journal* for March, 1913) of enabling the Labour Exchange to organise the taking on, and even the payment of wages, in such a way as to *make*

has to bring to the notice of the statesman another grave public injury that the Act is demonstrably inflicting. In the one or two millions of households maintained on wages of less than £1 per week, it is on the wives and mothers and children that the burden of the Act is, for the most part, now falling. The workman hands over to his "missus" out of his weekly wage no larger an amount than he did before the deductions began—we need not be cynical enough to say that she is lucky if with a reduced income he gives her even as much as before! But, partly because of the new impost on the employer's industrial operations, all prices have risen. Because of the Insurance Act, she can buy less food and clothing than before for the family maintenance. This means that the children, and, above all, the wives and mothers, have to go short. And it is the climax of the tragedy that it is just the children (and the home-keeping mothers past child-bearing) for whom the Act brings no benefits whatsoever!

CLAIMING EXEMPTION.

Another source of hardship and injustice is the difficulty put in the way of workers getting less than 1/6 per day, who are not liable to any deduction from their scanty earnings. The forms which they have to fill up (and, by misinterpretation of a regulation, to fill up *personally*) are, in many cases, beyond their comprehension. In case after case it has been found that these helpless women are submitting to a deduction from their scanty wages or piecework earnings, for which there is no legal warrant.

THE MOST URGENT REFORMS.

At all points, indeed, it is the low-paid and casually employed workers who are suffering, and suffering very severely, from the Insurance Act. What the facts point to is, not any exclusion from the Act, but its very prompt amendment, so as (a) to raise the wage limit at which the worker is relieved from direct personal contribution from eighteenpence a day, which is now the law, to at least three and sixpence a day, or a guinea a week, an amount which would still be below the Booth and Rowntree "Poverty line"; and (b) to place all casually employed labourers and outworkers in an equivalent position, on the ground that (even where they earn a higher hourly rate) their average weekly income throughout the year is practically never above that level. Meanwhile, the regulations should secure that none of those whom the Act relieves from direct personal contribution are practically compelled to make it.*

* It seems an uncalled for anomaly that, whereas a British subject may, without loss, postpone his entry into insurance from 16 to 21 if he spends the intervening time in education or apprenticeship [sec. 9 (4)], an alien boy or girl must enter

(c) The Approved Societies and their Membership.

The whole working of the Insurance Act depends on the "Approved Societies." It is their officers and their committeemen who have to determine eligibility and pay out benefits. It is they who must maintain the solvency of the Insurance Fund. The Government, though it compels contribution, collects the money, fixes the rates of premium and benefits, lays down the conditions of eligibility, and looks after the investments, *assumes no responsibility for meeting the claims as they come in.** If a society cannot meet its claims, or is declared on the triennial valuation to show an actuarial deficiency, the then existing members are to suffer. What, then, are the societies to which such interests have been entrusted?

It had been assumed by the public, not without grounds in the statements made during the discussions on the Insurance Bill, that the administration of the benefits would be entrusted to the well-known Friendly Societies, the great national "Orders," with their well-organised local "Courts" and "Lodges," and (as regards those engaged in their respective trades) the Trade Unions and their local branches. Instead of a Government guarantee, we were to rely on the instincts of a free people!

THE PEOPLE'S OWN SOCIETIES.

A great point was made of the "democratic self-government" of the local organisations, "Courts" and "Lodges" and "Branches," which this free people had spontaneously evolved, and also of the protection against malingering and fraud which would be afforded by the neighbourly supervision by the members of each other. But whilst the Bill was before the House of Commons, Mr. Lloyd George came to realise that these existing societies were very far from covering the whole field, especially as regards the four million women who were to be brought in. Under pressure the door was opened to newly-established societies. The Commissioners failed to use their powers to guide or regulate what Parliament had left uncontrolled. In the mad rush which marked

into insurance, and therefore into employment, *before* reaching the age of 17 [sec. 45 (1)], or else find that the benefits to which the compulsory contribution entitles him will be much diminished throughout his whole life. This seems very hard on the bright young alien boys and girls who are being urged to compete for County Council Intermediate and Senior Scholarships. There seems no reason why the proviso in sec. 9 (4) should not be made to apply to aliens as to British subjects.

* Apparently, during the first three years, up to valuation, an approved society that was "outrunning the constable" would be allowed to overdraw its account in the Insurance Fund, on giving security for devotion of the sums drawn to proper purposes. The resultant deficit that would be discovered on valuation would have to be met by the members at that date, or those subsequently joining.

the offices of the Commissioners during the early months of 1912, there seems to have been no time to consider how and where such new societies should be formed, or to lay down any lines for their constitution. Any kind of society, for which an aspiring secretary filled up the forms, with whatever personal motive, seems to have gained an indiscriminating approval, together with a guarantee of one and elevenpence per head from the Insurance Fund, in respect of the first quarter alone, for every member enrolled.* As a result, the organisations that have been formally "approved" by the Commissioners (and thus endowed with Government money for their expenses, and given a sort of official sanction with which to entrap the unwary contributor) are of the most extraordinary diversity. Some are of old and reputable standing, whilst others have just sprung into existence. Some are, as regards their existing businesses, wealthy and actuarially solvent; others are virtually bankrupt. Some are insignificant in membership, and local or private in character. Others run into millions of members and millions of pounds sterling, and are world-wide. There are trade societies and works societies; societies on particular religious, educational or social bases; and societies open to all comers. No sort of inquiry seems to have been instituted as to the character or objects of their promoters. The result is an extraordinary jumble of overlapping societies of every sort and kind. In the aggregate there are now nearly two thousand separate "approved" societies nine-tenths of them (with perhaps three-fourths of the aggregate membership) being centrally organised *without local branches*, and having memberships extending from a few score up to over a million; whilst the remaining one-tenth of the societies (counting probably one-fourth of the aggregate membership) have, among them, twenty thousand separate branches, courts, or lodges, with every imaginable degree of autonomy, and memberships varying from a few hundreds to tens of thousands. Such extreme diversity in size, character, basic principles and (it must be feared) efficiency, cannot fail to give rise to great difficulties.

THE FOUR NATIONS.

As regards the distribution of the "approved" societies among the four distinct Insurance

Nations into which Mr. Lloyd George rashly divided the United Kingdom, to the enormous inconvenience of all concerned, only about 250 (but these the most important) are approved for two, three, or four of the nations. England has some 1,300 societies of its own, in addition to the above 250. Scotland has about 100 societies of its own, in addition to about 200 out of the above 250, and seems to have made no use of the provision for County societies. Ireland, too, has about 100 societies of its own, twelve of them being the statutorily formed "County societies"; and these are aided by about 150 of the 250 that extend to more than one part of the United Kingdom. "Gallant little Wales" has, for its much smaller population, nearly 400 societies at work, of which over 150 confine themselves to the Principality.

But before we can form any useful vision of this network of heterogeneous societies—all equally approved by the Government—we must get some idea of their respective membership. Little is yet known with any certainty as to how the 13 millions of insured persons (apparently 9½ million men and 3½ million women) have distributed themselves among the medley of societies which the Insurance Commissioners so pressingly, and, we may believe, so impartially, invited them to join. The secretarial offices of the societies themselves are too overwhelmed with the mass of work—too deeply "snowed under" by the rush of contributors' cards—to be able to report any totals. But the present position is known in broad outlines. Out of the 13 millions now in the Government scheme, it seems that there were about 7½ millions (over 4 million men and more than 3¼ million women) not previously insured; whilst about 5½ millions (nearly all men) were already members of Friendly Societies or Trade Unions giving "friendly" benefits, and often of both Trade Union and Friendly Society. Of these 5½ millions of already insured persons, the vast majority are believed to have joined, for the State benefits, one or other of the societies to which they already belonged. The Trade Unions complain of the defection, in this respect, of between 15 and 60 per cent. of their members, who have elected to get their State benefits from other societies—usually, it must be said, from the "Oddfellows," "Foresters," or "Hearts of Oak," to which the members had previously also belonged; or (as among the Liverpool dockers) from local societies which attracted them on religious or political grounds. On the other hand, the Friendly Societies have lost some of their members to the Trade Unions. The passing of the Act made a lot of men and women join Trade Unions for the first time, so that the total membership has, during 1912, largely increased in nearly all Trade Unions, and especially in those catering

* Latterly, it is said, the Commissioners have striven to insist on some evidence of a membership of fifty! The Commissioners are also, through their inspectors, persistently pressing the smaller societies to merge themselves in others, as (apart from the actuarial objection to small groups of lives) it is already plain that no small society can pay its way on the present allowance for expenses.

for the railway workers and the dock and other labourers.* What is known is that about one million (nine-tenths men) out of the 13 millions of insured persons are now in the approved societies of the Trade Unions; and it is doubtful whether more than a quarter of these—half of them unskilled labourers—are new recruits not previously insured. The Friendly Societies have, in the way of recruiting, done better than the Trade Unions. They are estimated to have numbered, a year ago, about $4\frac{1}{2}$ millions of members to whom the Act was applicable (besides $1\frac{1}{2}$ millions outside its scope). Their approved societies now number over 6 million members for State benefits, so that they must have secured at least a million and a half new members, the majority of whom were previously entirely uninsured. One-third of these recruits are women. One-third of them, moreover, as it is good to learn, are now voluntarily paying for extra benefits.

THE GREAT "ORDERS."

We may consider some of the cases in more detail. The great Friendly Societies of good repute have individually done fairly well. Thus, the Manchester Unity of Oddfellows began the year with an aggregate membership of 1,050,000, of whom a quarter of a million were outside the compulsory clauses of the Act. It ended the year with about 1,250,000, having opened over 900 new "Lodges" (many being for women only), and secured for itself about a quarter of a million new members, many of its districts actually doubling their membership. Several hundred little Friendly Societies were taken over, and made into new "Lodges," a fact which accounts for part of the increase. Of the persons previously uninsured brought in directly by the Act, a large majority seem to have been women, who now form one-fifth of the whole membership of the Order. The Ancient Order of Foresters, which is about 25 per cent. smaller than the Manchester Unity, seems to have done proportionately as well, securing about 200,000 new members. The Hearts of Oak Benefit Society is believed to have grown by nearly 100,000. Other societies, such as the Loyal Order of Ancient Shepherds, the Independent Order of Rechabites, the Rational Association Friendly Society (one of Robert Owen's foundations), the Sons of Temperance,

and the National Deposit Friendly Society, have done about as well. Nearly all the other Friendly Societies of any standing, great and small, have shared in the increase. The Ancient Order of Hibernians seems to have secured about 150,000 members for the Government benefits, of whom 115,000 are in Ireland—this representing only one-seventh of the total of insured persons in Ireland. The Orange and Protestant Friendly Society has about 60,000 members, mostly in Ireland. Of the newly-started Friendly Societies, that for domestic servants has secured over 65,000 members, that for nurses over 50,000, that connected with the National Federation of Women Workers 25,000, and the Society for Teachers 9,000, of whom a majority are women.

But it is time to describe what these "approved societies" are, which the Insurance Commissioners have been urging the thirteen millions of insured people to join.

First we have the well-known great Friendly "Orders," the national organisations of "Lodges," or "Courts," or "Branches," having various degrees of local autonomy—the Manchester Unity of Oddfellows, the Ancient Order of Foresters, the Sons of Phoenix, the "Rationals," and a score or so of others, together with great centralised societies like the "Hearts of Oak."

Then we have (as the proposed limit of 5,000 or 10,000 membership was abandoned) a huge multitude of independent little Friendly Societies—local, religious, educational, and what not—the "Brethren of the Covenant," the Bletsoe Friendly Society, the Brixton Hill Slate Club, the "Dazzlement Society" formed by a few alien glassworkers, the Hand-in-Hand Dividing Society, the Peculiar People's Friendly Society, the "Brethren of Truth," the "Loyal Order of Alfreds," and a thousand more.

AT THE PUBLIC-HOUSE !

It is to be noted that many of these have their offices and meetings at public-houses. Not a few of them, indeed, seem to be nothing more than publicans' slate clubs—the adventitious attractions of a beershop or a gin palace! Surely Parliament never contemplated the approval by the State of societies centring at or in particular drinking places, holding their meetings there, paying out within their purlieus the money which Parliament has voted, and actually advertising their trade by such designations as the following: "Bridge Tavern" Friendly Sick and Dividend Society; "Brown Lion" State Section; "Green Dragon" Approved Section; "Leg of Mutton" Friendly Society; "New Station Inn" Sick and Dividend Society; "Hood Arms" Friendly Society; "Railway Tavern" Approved Society; "Star Inn" Friendly Society; "Three Crowns"

* Thus the Gasworkers' and General Labourers' Union has grown from 37,000 to 70,000; the National Amalgamated Union of Labourers from 21,000 to 50,000; the Dock, Wharf, Riverside and General Labourers' Union from 12,000 to 40,000; the Workers' Union from 6,000 to 25,000; and the Dock Labourers' Union from 12,000 to 20,000—a total growth of membership in these five Unions of about 117,000, or 133 per cent. The Shop Assistants' Union has increased from under 30,000 to about 80,000 members.

Approved Society; "Turk's Head" Separate Section; "The White Hart" Friendly Society; "The Australian Bar" Friendly Society.

In all, as Mr. Masterman stated in the House of Commons, about 490 of the approved societies—*more than a quarter of the whole*—have their registered offices on licensed premises; and of these no fewer than 268 invite women to membership.

We cannot think that this is a wise or a prudent development. Children are not allowed to enter a place where alcoholic drink is sold. Employers are not allowed to pay wages in public-houses. Candidates for election may not hold meetings in them. We have not provided this huge fund of 20 millions a year in order to subsidise the spending of something "for the good of the house"! Ought licensed premises to be permitted to be used for the disbursement of the Government Sick Pay and Maternity Benefit? The Scottish Insurance Commissioners say emphatically no, and the regulations which they are making for approved societies absolutely prohibit such meeting-places. The Welsh Insurance Commissioners have done the same. The English Insurance Commissioners might have made the same regulation—might even now make it—but they have refused to do so, it is believed, under pressure from the liquor trade, and, it must be added, from the officers of the societies themselves. Why should this be?

THE PROBLEM OF GROUPING.

It is not yet clear how the Commissioners are going to carry out the provisions of the Act with regard to the association or grouping, for valuation purposes, of these little societies into larger federations, which are to be on the basis of the County or County Borough area. So far as we are aware, it is only in fewer than a score of cases that the multitudinous little Friendly Societies have grouped themselves into local federations, such as the Federation of Devon Village Clubs for National Insurance (39 societies); the Oxfordshire County Insurance Society for National Insurance (46); and the Rural Workers' Insurance Society for National Insurance (68, mostly in Lincolnshire). The North Riding County Friendly Society, which has amalgamated with the West Riding Rural Union, includes at least fifty village clubs in Yorkshire. There are somewhat analogous "associations of Friendly Societies" at Aberdare Valley, Breconshire, Cardiganshire, Carmarthenshire, Carnarvonshire, Derbyshire, Flintshire, Merthyr, Monmouthshire, West Glamorgan, and the Wrexham District. Much will depend on the reality of the supervision and control thus to be secured—with the inevitable loss of that democratic autonomy on which Mr. Lloyd George laid

such stress—over some of these strangely chosen administrators of public funds.

Then there are the Trade Unions, of which several hundreds have formed approved societies in connection with their own organisations, and confined to those who are, or who become, their own members. These vary in size from the great national societies of Engineers, Carpenters, Railway Servants, Stonemasons, Plumbers, Steel and Iron Workers, Tailors, Boot and Shoe Operatives, Cotton Spinners, Cotton Weavers, Cardroom Operatives, Bricklayers, Clerks, Steam Engine Makers, Compositors, Boilermakers, and Pattern-makers, down to little local unions like the Bacup Power Loom Overlookers, the Bradford Packing Case Makers, and the Edinburgh Upholsterers. It is a hopeful development that nearly 200 other small societies have joined in the General Federation of Trade Unions for National Insurance.

Among the Trade Unions, indeed, the only conspicuous omission is that of the Coalminers, who have persisted in their policy of not uniting the organisations for "trade" and "friendly" benefits. A score or so of distinct miners' societies (distinct from the miners' Trade Unions) have been approved.

We may note with satisfaction the entry of the great Co-operative Movement into the Friendly Society field. The Co-operative Wholesale Society, using the affiliated "stores" as its agents or branches, has established a widespread "approved society"; whilst in and about Huddersfield the local Co-operative Societies have united to set up an "approved society" of their own.

EMPLOYERS' SOCIETIES.

A more equivocal type of "approved society," to which certain privileges are given by the Act, is that of the "employer's provident society." These are not so numerous as was expected. Judging from the titles, only about a hundred of such societies have been approved, including rather more than a dozen of the Railway Companies, several London Gas Companies, the Bristol, Dublin, and Middlesbrough Tramways; the Army Clothing Department at Pimlico; one dock enterprise; two or three banking companies; a few insurance companies; Rowntree's Cocoa Works; Boot's Cash Chemists Ltd.; the Westinghouse Works (but apparently no other Manchester works); by contrast, a score of different establishments in and about Birmingham; half a dozen at Sheffield; two or three each at Leeds, Bristol, Edinburgh; the *Times*, and only a dozen more in all London; and a few scattered about Scotland, Yorkshire, and the Midlands.

Finally we come to what, in membership, has turned out to be the most important class of

society, those organised in connection with the profit-making "Industrial Insurance" Companies. Of these, the mammoth "Prudential," with 20,000 paid agents, has six separate "approved societies," each bearing its name, for Men, Women, Miners, Agricultural Workers, Domestic Servants, and Laundresses respectively; whilst the ten rival industrial insurance companies which are now associated as the National Amalgamated Approved Society for National Insurance (30,000 paid agents) form one such society only. A few other "collecting societies," not working for the profit of private shareholders, such as the Royal Liver Friendly Society and the Liverpool Victoria Friendly Society, have also founded "approved societies" or "State sections" of their own.

THE GREAT SCOOP!

Summing up the result so far, we see that all the Trade Unions and Friendly Societies, taken together, do not seem to have enrolled more than a million and three-quarters of previously uninsured persons—perhaps, after deducting transfers from one to another, not more than a million and a half, of whom about one-third are women. What has become of the rest of the seven and a half millions (over 4 million men and more than 3½ million women) whom the Act was to bring into insurance? These six millions, *four-fifths of all the previously uninsured persons in the Kingdom*, have fallen into the hands of the 50,000 agents of the two great organisations formed by the Industrial Insurance Companies, the Prudential alone now counting some three millions of members in its six "approved societies"—having, it is reported, enrolled no fewer than 170,000 in a single day! And out of the six million members thus enlisted, it seems that at least three millions must be women. To the infinite chagrin of the officers of the old Friendly Societies, whose support of the Act was gained largely by their hope of getting new members, the two great Industrial Insurance combinations have "scooped the pool"!

A TRAVESTY OF DEMOCRACY.

To those who have any knowledge of the lives of the poor, the position of vantage in which the profit-making Industrial Insurance Companies have thus been placed, is of grave import. It is, in the first place, a flagrant breach of the understanding on which the Bill was drafted. Mr. Lloyd George was eloquently profuse in his declarations that the administration of the scheme should be in the hands of the insured persons themselves through their own democratically governed societies. It was on this ground that he refused to let the elected Town and County Councils have anything to do with it—they were, in his view, not democratic enough, not sufficiently providing for

real self-government by these poor people! Now, his Commissioners have deliberately "approved" the constitutions of societies in which there is scarcely a pretence of self-government by the insured persons themselves—societies so formed that the insured persons do not even appoint any of the officials, cannot control policy or administration. Will it be believed that the constitution and rules of the Prudential Approved Society for Men—to take only one example—provide, *with the approval of the Commissioners*, (i) that, subject to quite illusory powers of removal, the officers (who have been chosen by the directors of the Prudential Insurance Company) *shall hold office for life*; (ii) that the committee of management (also so chosen) shall *all* remain in office, however much they may displease the membership, until 1916; (iii) that nine (being the officers) of the nineteen members of this committee *shall hold office for life* (as above); (iv) that of the other ten two shall remain in office whatever their policy, *for eight years*; two for seven years; two for six years; two for five years; and two for four years; in each case being eligible for re-election! Needless to say the nine officers and the ten other members of this irresponsible committee are all, without exception, the managing officials of the Prudential Insurance Company. And even their minute liability to submit themselves eventually for re-election is farcical.* This society of unlimited membership, enrolling recruits all over the United Kingdom, having already over half a million members, is nominally to be governed, in the last resort, by general meetings of the whole membership, assembling at 142, Holborn Bars!† Twelve persons are to form a quorum! When it is remembered that there is no provision against paid officials attending and voting; that the whole body of 20,000 paid agents of the Society are virtually required to become members, and that a sufficient number of these officials can (and of course will) always be directed to attend the meetings and "support the Board," it is plain that the hundreds

* There are also provisions for the possibility of district meetings, which are obviously unworkable; and, even if they were put in force, nothing can be brought before such district meetings which has not first been submitted to an aggregate meeting.

† It has been seriously suggested that the approval by the Commissioners of a society constituted in this way is *ultra vires*, on the ground that the rules cannot honestly be said to comply with Sec. 23, 2, ii., in (i) making its affairs "subject to the absolute control of its members"; and (ii) in providing "for the election . . . of the committee of management," seeing that nine out of its nineteen members are given office for life, without election; and also (iii) because the rules certainly do not provide, in the absence of any delegate meeting, "*in such manner as will secure absolute control by the members.*" The Commissioners' approval can only be lawfully given in accordance with the Act. Moreover, the stupendous change in membership since the date of approval imperatively demands reconsideration.

of thousands of poor persons all over the Kingdom, from whom the Government has compulsorily exacted weekly contributions, to be entrusted to this weird travesty of a self-governing Friendly Society, have no more power to depose the self-chosen officers or committee, or to direct its policy, than they have to elect the Lord Chancellor. And what is true of this Society is true also of the others started by the dozen of Industrial Insurance Companies that are preying on the people's pence.

CONTROLLING THE INSURANCE COMMITTEES.

These strictly subordinate annexes of the Industrial Insurance Companies will, it must be remembered, not only govern their own members: they will also largely control the Insurance Committees! Three-fifths of the members of each Insurance Committee are to be appointed "so as to secure representation of insured persons." In practice, the governing body of each approved society will nominate its quota, in proportion to its membership within the area. After next July, when the present merely provisional Insurance Committees expire, the Prudential and the National Amalgamated will, between them, nominate, on an average, 27 per cent. of the members of each of these essentially public authorities. There is no exclusion or disqualification of paid officers, and we must look forward to the Insurance Committees being largely manned by carefully chosen members of the well-disciplined staff of 50,000 district superintendents, inspectors, and agents (themselves mostly insured persons) of these Industrial Insurance Companies—members who will act under the private instructions of their employers, the two Boards of Directors sitting in secret in London. Surely, the House of Commons did not mean to instal this well-drilled contingent of paid officers of gigantic profit-making companies in the very heart of the machine!

It is not that these companies, and the puppet societies that they have unfortunately been allowed to form, are likely to administer the Insurance Act less honestly, less efficiently, or less economically than the heterogeneous couple of thousand of other societies, to which we have so rashly committed the scheme. But it is admittedly not out of benevolence that the shareholders and directors of these profit-making companies are entering upon this vast extension of their business. They frankly admit that they see their way to an enormous commercial advantage in the position in which they have been placed by the Government. Some part of the total remuneration of their army of agents—who now earn about five millions sterling per annum—will, in effect, be eventually shifted on to the shoulders of the new Insurance Fund. What is

even more important, these 50,000 agents, entering six million homes in a new character, invested with a quasi-official authority, advising the insured persons, virtually deciding on their eligibility, and paying out Sickness, Disablement, and Maternity Benefit, will inevitably enjoy a great advantage in their other business of touting for weekly pennies in return for life insurance policies on all the babies as they arrive, and, indeed, on every member of the household.

THE TOLL LEVIED ON THE POOR.

Now, even if the vast commercial operations of these Industrial Insurance Companies—for which the poor pay 16 millions sterling annually—were of undoubted social advantage, it would be objectionable to give such enormous power over millions of poor households to an uncontrolled group of profit-making shareholders. But we cannot ignore the grave indictment that is persistently brought against the whole of this enterprise of "industrial insurance." Its operations impose an unnecessary and very onerous burden on the poor—the premiums are demonstrably needlessly high,* the expenses of the industrial side of the business are, in several cases, unfairly loaded to the advantage of the "ordinary" side; the loss by lapses represents a grievous impost on the very poorest; the conditions of the policies are felt to be quite unnecessarily arbitrary and oppressive; *the shareholders' profits are colossal*. To the economist it seems that, so far as the public interest is concerned, the advantages of "burial money" obtained in this way are not worth their cost. The people would be better off if industrial insurance of this kind did not exist. Even without dwelling on the darkest features of the case, the judgment must be that the Government is not warranted in virtually handing over to the Industrial Insurance Companies the administration of nearly half its new and gigantic Insurance Fund.

The question is, What can now be done? To the present writer it seems that the Government ought promptly to tackle the whole subject of Industrial Insurance; that a comprehensive public inquiry should be made into its operations, its defects, and its social value; that if, on inquiry, our suspicions are confirmed, the whole business should be taken over, lock, stock, and barrel—the officers transferred, the shareholders compensated, and the enterprise run as a Government department, exclusively for the benefit of the policyholders. Short of that complete policy, there

* Thus, the charge for simple death benefit for adults is more than 50 per cent. higher than that made by some of the approved societies newly taking up this side of the business. See, on the whole subject, the valuable pamphlet *Life Insurance of the Poor*, by J. F. Williams. (P. S. King & Son, 1912.)

ought certainly to be effective public regulation; we ought to prescribe the form and conditions of the policy, as we do those of an emigrant's passage ticket, and for similar reasons; the grant of surrender values should in all cases be insisted on; and "lapses" should not be allowed to be a source of profit.

Meanwhile, seeing that a mistake has been made in "approving" such societies for the administration of the Insurance Act, it is suggested that (a) *this approval ought promptly to be withdrawn*; (b) no society connected with, or promoted by the officers of, or bearing the name of a commercial concern working for private profit, should be "approved" under the Act; (c) such existing societies should be dissolved, the paid officials transferred or compensated, and the members urged to transfer themselves to other societies; (d) the remnant who did not exercise their option, *together with the Deposit Contributors*, should be formed, according to residence, into County Societies, to be organised by the Insurance Committees on a plainly self-governing basis.

(d) The Dwindling of the Deposit Contributors.

A quite unexpectedly large proportion of the insured persons have, as we have seen, found admission to one or other of the approved societies—in the aggregate about 12½ millions out of the estimated total of about 13 millions on whose behalf cards have been stamped. This result is due, not only to the extensive advertisement given to the scheme, and the disinterested efforts of many employers and others, but also to the zeal of the 50,000 well-organised paid agents of the Prudential and other Industrial Insurance Companies. At first, moreover, various societies actually paid all sorts of persons "head money" on every recruit who could be persuaded to bring in his card! This was retrospectively allowed by the Commissioners, as a legitimate item of expense, up to October 2nd, 1912, but not afterwards. No less important has been the fact that a considerable number of societies, including some of the largest, dispensed altogether with a medical examination, and practically with all inquiries. There was, in fact, a mad rush for members. No proof of age was required, and no particulars as to previous health. Anyone, however ill, or however unsatisfactory in character, who chose to apply, found no difficulty in gaining admission to one or other society, even if he had been expelled from his Friendly Society or his Trade Union, or had been rejected by societies more particular in their scrutiny. There may be some actuarial justification for this laxity, as the waiting period of six months before any benefits chargeable to the society itself could begin, was itself a protection against being saddled with

people at the point of death. But, in spite of the precautions taken by some societies, there has certainly been no exclusion from insurance of the tuberculous, or of those with epilepsy.* The aggregate of insured persons has accordingly, from an actuarial standpoint, little or no better expectation of health than that of the community as a whole.

One entirely satisfactory result of this laxity has been the reduction of the number of Deposit Contributors, whose position in the scheme is so entirely unsatisfactory. These are now estimated at little over 400,000, as compared with the 882,000 expected by the actuaries in May, 1911. In all Scotland the total does not seem to exceed 40,000; in all Ireland not 15,000. Most English counties have only two or three thousand each. One-fifth of the total for England is apparently in London, which, for some unexplained reason, seems to have as many as 60,000. They are still joining the approved societies at the rate of several hundreds a day at least. What is even more important than the unexpected smallness of the total number is that they do not form a class of "bad lives," or unsatisfactory characters, as Mr. Lloyd George expected, or a group in any sense "uninsurable."

NOT "BAD LIVES."

Those persons who were conscious that they were tuberculous, or otherwise weak lives, finding that no medical examination was required, have probably been keen to get into societies. There is, indeed, now no reason to assume that the 400,000 Deposit Contributors represent, in the aggregate, any worse lives than the 12½ million members of approved societies. Mr. Lloyd George has even committed himself to the statement that "as a rule they are about the healthiest persons in the county."[†]

This fact is of the utmost importance, in view of the Government having necessarily to propose, before the end of 1914, some new arrangement better adapted to the needs of these Deposit Contributors than the merely temporary provisions of the 1911 Act. So far as can be ascertained, the Deposit Contributors are made up only of those who were too ignorant, too stupid, too apathetic, or too obstinate to take the trouble to join any society—often because no such society was geographically within easy reach, sometimes because

* The inference that the tuberculous have found entrance into approved societies is supported by the interesting fact that, out of some 5,000 applications for Sanatorium Benefit from eligible insured persons, *nearly all are from society members*. In London, out of 1,711 cases, the number of Deposit Contributors is infinitesimal.

† *Times*, January 15th, 1913, p. 11.

they cherished a grievance against some society which had illtreated them in the past, and occasionally even (as it is definitely reported) because they objected to state their age and the scanty other particulars that every society required! School teachers and minor professional men who have not cared to let it be known that they come under the £160 limit swell the list. There is accordingly no actuarial reason why these 400,000 persons should be deprived of the insurance advantages conferred on the rest of the population. By 1914, at any rate, it is clear that some arrangement more in the public interest than the present makeshift must be devised for them.

(e) Sanatorium Benefit.

One of the benefits provided by the Act—"treatment in sanatoria or other institutions, or otherwise, when suffering from tuberculosis, or such other diseases as the Local Government Board, with the approval of the Treasury, may appoint"—came into force immediately on the 15th July, 1912, as soon as the contributions began, although no arrangements had then been made by the Government Departments which would have permitted the provision of sanatoria by the County and County Borough Councils in England and Wales, and the corresponding local authorities in Scotland or Ireland on and after July 15th, 1912. The placing of a single week's stamp on a card (sevenpence for a man or sixpence for a woman)—provided that it was in respect of a person to whom the scheme was applicable as having been on or after July 15th, 1912, either "employed" or "engaged in some regular occupation" (even if he or she or some friend had put the stamp on for the express purpose)—constituted, under the Act, instant eligibility for being recommended for Sanatorium Benefit.

Unhappily the Government Departments were found unprepared, and their differences with each other, their delays, and their unresourcefulness have been maddening. Even now, in 1913, of the million and a half sterling which Parliament voted for the instant establishment of sanatoria in 1911, not a penny has yet been paid over. Up to December 31st last—more than a year after the House of Commons had made the money available—not a single proposal for a new sanatorium had been approved by the Local Government Board and the Treasury.

SAVING THE CONSUMPTIVE.

The Insurance Committees have had everywhere to deal as best they could with the situation. Fortunately for their peace of mind, though un-

fortunately for the public health, only a very small number of persons have yet made application for Sanatorium Benefit. The vast majority of sufferers from tuberculosis did not realise the rights given to them by the Act, and failed to take advantage of it.* Neither the Liberal nor the Conservative newspapers—not yet those of the Labour Party—brought the matter effectively to popular notice. In most areas the total number of applicants during the whole six months has not exceeded a few dozen or a few score. Even in London, with its four and a half millions of population, of whom at least 50,000 are tuberculous, probably half of them insured persons, the number up to January 25th, 1913, was only 1,711. The Insurance Committees usually went to work with commendable energy. They framed schemes and appointed doctors as salaried tuberculosis officers. The scanty applications were promptly sifted. Some were found to be from persons to whom the Act in no way applied. Others were persons who might (or even ought to) have been insured under the Act, but in respect of whom no cards had, in fact, been stamped. Both these classes were rejected; though, as a matter of fact, it was (and still is) quite lawful for a person insurable under the Act as having been on or after July 15th, 1912, "employed" or "engaged in some regular occupation," even if subsequently out of employment, to stamp his own card, and thus instantly, at the cost of only 6d. or 7d., become an insured person. In some instances this course was resorted to. Of those found eligible, some were, on medical examination, not recommended for benefit. Others were provided with special medical attendance at their own homes at the expense of the Local Insurance Committees. Others, again, were sent, on payment by the Committee, to one or other of the sanatoria already established by private philanthropy or municipal enterprise. In London, where the Insurance Committee, amid many difficulties, seems to have been energetic and resourceful, as many as 200 persons, in Middlesex nearly 100 persons, and in Liverpool about 75 were thus sent to sanatoria by December 31st, 1912. The total number of persons who received any form of Sanatorium Benefit, from one end of the kingdom to the other, during the first four months was only 3,773, whilst those who were actually placed

* The hundred thousand or more of tuberculous insured persons are, for the most part, even now unaware of their rights. Persons recommended for sanatorium treatment for whom no accommodation can be found, may receive—as Mr. Masterman has explained—"both financial and other assistance. During any period between an insured person becoming incapable of work and his actual entry into a sanatorium he would receive domiciliary treatment, including both medical attendance and the provision of medicines, and also extra nourishment, etc., ancillary to the treatment; and he will also be entitled under the ordinary conditions to sickness benefit normally of 10s. a week." (House of Commons, January 20th, 1913.)

in sanatoria for any period was only 2,172, and the total expenditure only £37,640.*

ALMOST A FIASCO.

Such a record of four months' operation of the scheme, amid at least a quarter of a million persons known to be suffering from tuberculosis, probably one-half of them being actually insured persons, amounts practically to a fiasco. The public did not really believe that Sanatorium Benefit was or could be at once available, and never realised that much could be done for the sufferer without sending him away to a sanatorium. It has accordingly judged the official fiasco far too benignly. No doubt matters will improve later on. But it is impossible not to regret the way in which the first six months of this Sanatorium Benefit have been muddled—largely, it seems, through the differences of opinion between the English Local Government Board and the Insurance Commissioners; through the indecision and delay of the Treasury with regard to the financial provision; and through the lack of prompt settlement of the departmental differences by the Chancellor of the Exchequer and the Cabinet. It is, in a sense, the first result of the unfortunate divorce, for which the Act is to blame, of the Local Insurance Committee, which has to recommend the patients, from the Local Health Authority, to which, under the various notification provisions, their existence is reported. But if timely and more united preparation had been made by the several departments; if earlier notice and prompter money grants had been given to the Local Authorities; and if the aid of the Local Health Authority had been everywhere invoked, in order to find out who the consumptives were, it is probable that ten times as many sufferers whom the Act was designed to benefit would already have been relieved.

THE L.G.B. AGAIN!

It may be noted that the most important Local Authority of all—the London Insurance Committee—was deliberately and purposely delayed in this branch of its work by the indecision of the Government itself. The Local Government Board refused, for the first nine months after the passing of the Act, to regard the London County Council as the Sanatorium Authority with which the

Insurance Committee should treat, in the hope that, in some way or another, that position might be given to the Metropolitan Asylums Board. But that Board is clearly and avowedly a Poor Law Authority, and the Insurance Act had distinctly excluded any Poor Law Authority. Not until the autumn did the Local Government Board abandon the obstructive attitude which, in flat defiance of the law, it had chosen to take up. Upon public complaint being made, the Government, nine months late, admitted that the London County Council was, by statute, the Sanatorium Authority for the Metropolis, and allowed it and the Insurance Committee to begin negotiations.

Meanwhile, it is unfortunately still true, six months after the Sanatorium Benefit came into operation, that none of the new and additional sanatoria, *for which Parliament voted the money eighteen months ago*, have yet been opened or even begun. The best that has happened so far seems to have been the opening of new wings or temporary structures by a few Local Authorities and the temporary adaptation of a disused infectious disease hospital, as was arranged by the Middlesex County Council at Clare Hall as early as August last, or the temporary leasing of a disused Poor Law school, which the London County Council is now seeking to arrange. The Local Authorities, bewildered by the indecision and evasiveness of the financial proposals made to them, are naturally slow to move. The Chancellor of the Exchequer is, in this matter, not being zealously served, either by the Treasury or the Local Government Board. Here no new legislation is required—only energy, goodwill, and resourcefulness. We are entitled to ask that the second six months of Sanatorium Benefit shall not be such a fiasco as the first.

(f) Medical Benefit.

Medical Benefit (apart from the Sanatorium Benefit of the tuberculous) was not to begin until January 15th, 1913, on which day every one of the thirteen million persons in respect of whom a card had been stamped, even if only for a single week, and even if stamped only by himself or herself for the express purpose, at any date, if a member of an approved society and in employment at some time since July 15th, 1912, became legally entitled to "adequate" medical treatment and attendance, whether or not incapable of work, in any disease whatsoever (maternity, however, being separately dealt with); "including the provision of proper and sufficient medicine," irrespective of its cost; and also "such medical and surgical appliances as may be prescribed by regulations made by the Insurance Commissioners." This is an extraordinary wide and liberal provision, which does credit to the courage and breadth of view of the Chancellor of the Exchequer. It is not in the

* Things moved more quickly during December and January, and on February 4th 4,753 were in sanatoria. No information has yet been published as to the extent to which the Insurance Committees are providing Sanatorium Benefit for the dependants of insured persons, as they are authorised by the Act to do; or as to the extent to which the County and County Borough Councils are providing for non-insured persons, as the Government agreed to aid them to do.

public interest that any sick person should, for any reason whatsoever, be without adequate medical treatment, or should fail to seek it at the earliest sign of disease, long before he is incapable of work; and it really seems as if Mr. Lloyd George had done his utmost to ensure that no sick person should, so long as he remained within Great Britain, ever be excluded from it! It is made almost impossible by the Act, as regards medical attendance and medicines (and likewise as regards Sanatorium and Maternity Benefits) for any person who is a member of an approved society ever to fall "out of benefit." For the first year, indeed, arrears are not to be counted at all, so that a single week's stamp on a card (which, if he is a person to whom the Act is applicable, anyone may affix for himself) entitles to continuous Medical Benefit whenever sick up to July 15th, 1913. Afterwards, arrears will not be counted for periods during which the insured person is in receipt of Sick or Disablement Benefit, or in the case of a woman before and after confinement. Thus, so far as employed persons are concerned—always excluding the unfortunate Deposit Contributor—arrears will arise practically only from unemployment. Now, arrears are not to exclude from Medical Benefit until they amount to an average of twenty-six weeks a year *during the whole period since insurance began*. Thus, a man who (being a society member) put a sevenpenny stamp on his card on July 15th, 1912, and then became ill, or unemployed, or otherwise not paying contributions during nine whole succeeding months of 1912-13, and six whole months of each succeeding year, will still always be "in benefit" for medical, sanatorium, and maternity claims. If after six months' illness he is still "incapable of work," he will (assuming he has paid 104 weeks' contributions) be entitled to Disablement Benefit until 70 years of age, and so long as this lasts he does not fall, as regards medical attendance, "out of benefit." Nor does the right to medical attendance cease at 70 years of age, after which no contributions are payable, and no arrears can accrue. To have frankly provided medical attendance from 16 years old until death for every man who was (*or had been for the first five years of his working life*) either a manual worker or a person paid less than £160 a year, merely because he was sick, would have been simpler, and would have cost hardly any more; but would perhaps not have commended itself to the Cabinet! Moreover, it would have glaringly brought out the unfairness with which the women have been treated. With the most insignificant exception, the whole of the male insured persons who are in approved societies will, automatically, at all times throughout their whole lives, be entitled to adequate medical attendance and medicines, in all their illnesses—even if plainly

due to their own misconduct. Those insured persons who are females will, however—though they will have had compulsorily to contribute during the healthiest years of their lives, and though they will continue, as wives, as we have described, to bear at least as much of the weekly contribution as the husband does—lose their right to medical attendance whilst their marriage lasts, unless they continue after marriage in wage-earning employment, or unless they become voluntary contributors at a special threepence per week. So long as a majority of the wives and mothers and all the infants and children are left unprovided even with medical attendance, it is premature (and characteristically masculine!) to claim that we are "an insured nation."

PUTTING THE BURDEN ON THE DOCTORS.

When the Chancellor of the Exchequer had to face the cost of this part of his scheme, and to construct the working machinery to carry it out, he found himself in some difficulty. To provide all the medical attendance and treatment, and all the drugs, and all the medical and surgical appliances, required for an "adequate" treatment of all the insured persons, at all times from 16 years of age to death, in all diseases whatsoever bade fair at no distant date to bankrupt the Insurance Fund! Every epidemic of influenza, or even the more extended use of an expensive drug would send up the bill! It might be contended that it is just the object of a National Insurance Fund that it, and not any individual or any one class, should stand the racket of such a risk. No fixed maximum sum for Medical Benefit had been named in the Act any more than for Sickness Benefit; and there seems no more reason why a maximum expenditure should be administratively prescribed for one benefit than for the others. But Mr. Lloyd George took up the position, from which he never budged, that with regard to this one benefit there was to be a definitely fixed minimum charge on the Insurance Fund, which was never to be exceeded. The actuaries had estimated what it ought to cost, and even if they proved to have been misinformed, or to have miscalculated, their entirely speculative estimate was to be adhered to! Whoever was to stand the racket of exceptional sickness or improved treatment, it should not be the Insurance Fund. Finally, the Chancellor of the Exchequer decided, as it now seems not very fairly—perhaps without having realised what he was doing—to put the burden of this enormously increased medical service, and all the risk, on the doctors themselves, by a gigantic extension of their existing "club practice," at a

payment, for attendance apart from drugs, but without any extras whatsoever, of 4s. 6d. per head. We cannot wonder that the doctors up and down the country almost unanimously revolted against such a proposal. Unfortunately, they were badly organised and badly led; and they displayed a quite curious incapacity to explain their own case, either to the Government or the public—perhaps because they themselves only dimly realised what it was. They never succeeded in making it understood that what was at issue was not wholly, or even chiefly, the rate per head, or indeed any other matter of money at all, but the very system itself. To place upon an overworked general practitioner, without expert check or professional supervision, in return for a fixed capitation fee of a few shillings per annum, not the duty of giving so many hours a day to his task in a conscientious way, but the unlimited responsibility for supplying all the medical attendance that he might himself decide to be required, in all diseases whatsoever, means, inevitably, in a great many cases, something very far short of the best, or even of any intelligent medical treatment. It is not in human nature for the club doctor, dealing with patients as he must by the hundred, to be able always to give the time and thought and effort that one particular case may imperatively demand, but for which no extra charge can be made, and which would only delay the waiting crowd outside.

WHAT CONTRACT PRACTICE ENCOURAGES.

The position is aggravated when no extra fees are payable even for the most arduous and tedious methods of treatment, or when the doctor has himself to bear the cost of the drugs. There are always available alternative methods of treatment, much cheaper than the best and far less troublesome to the doctor, and at least as gratefully accepted by the patient himself. There is even no absolute certainty that the simpler and more old-fashioned treatment may not prove just as good. The result, in the long run, is an insidious and persistent tendency to a degradation of medical practice, ending, in the worst instances, in the "lightning diagnosis" and "bottle of medicine" of the worst type of "sixpenny" charlatan—the strangulated hernia physicked as colic and the cancer of the stomach as "tea dyspepsia"! Apart from the degradation of character which this sort of practice involves, it is certainly not worth providing several millions a year of public money for.

Unfortunately the doctors did not, as they would have been well advised to have done, explicitly take up this position, and refuse contract practice

altogether. There are, in fact, only two methods of payment of the medical attendant which, on a large scale, are free from the insidious degradation that attends all contract practice. We may pay our doctor, as we pay our artist or our artisan, either by piece or by time—either so much for each attendance or so much per annum. The doctors would have liked the former, but neither they nor the Chancellor of the Exchequer could find any way of protecting the public funds against the unscrupulous, and often collusive, "jobbing" of cases, which would have caused an unlimited drain on the Insurance Fund. The Friendly Societies and the officials would have preferred a salaried service, of "whole-timers" or "part-timers," according to circumstances, which has been officially declared to be both cheaper and more efficient. The doctors, shortsightedly enough, were up in arms against a salaried service. Moreover, Mr. Asquith thought that a "State Medical Service" would be denounced as Socialism, and is understood to have vetoed it. Hence no proposal was made to the doctors on this basis, and all concerned were driven back to the "capitation fee."

Now, the Friendly Society officials had advised the Chancellor of the Exchequer that a fee of 4s. 6d. per head, without drugs, was ample, seeing that the societies were, in fact, often getting the work done for less than that sum. This was completely to ignore the doctors' case. It was true that they had—with much protesting and grumbling—been attending the five millions of Friendly Society members as such a rate. But they did so because these were more or less picked lives, and in reliance on a more remunerative practice among the more prosperous of the millions who were not members of such societies, including the skilled artisans of the Trade Unions (which hardly ever provide medical attendance). To swell the club practice from five to fourteen millions was to sweep away nearly all this more remunerative, if still humble, practice, by which, as a matter of fact, a vast number of doctors in town and country made up their livelihood. Hence the doctors fought for an "income limit," by which persons over £104 a year should be excluded from the contract practice. This, however, was impossible in a compulsory Insurance Scheme based on a "flat rate" premium. If the State compelled every employed young man of sixteen to insure, it could not deprive of medical attendance or mulct in extra payments such of them as happened subsequently to rise in the world. The evasive concessions which the Chancellor of the Exchequer pretended to make on this point to the doctors were really delusive. The doctors' amendment would have wrecked the whole scheme. There is not, and will never be, any "income limit" for persons who are already

compulsorily in insurance.* The doctors had to face the fact that the capitation fee was all that they could possibly get, through life, from the fourteen millions of insured persons.

QUADRUPLING THE WORK.

Inevitably, therefore, the struggle was forced back on the amount of the capitation fee, in comparison with that of Friendly Society club practice. Even on this limited ground the doctors never made it clear that the work to be undertaken by the "man on the panel" was enormously greater, *per head*, than that of the old club practice. The members of the Friendly Societies were all selected lives, and persons of some thrift and regularity of character. Even the doctors' whole practices, in working-class districts, such as Sir William Plender investigated, were really only among selected persons, seeing that most of "the submerged tenth" practically could never employ a doctor at all! But now the "insured persons" are virtually the whole working-class population, high and low, including the physically unsound, the drunken, and the riff-raff. Then even the Friendly Society membership was always being "weeded out," owing to the fact that the irregular and the drunken, those who fell into gross poverty, and all the physical and mental weaklings, together with most of those whose sickness was long continued—in fact, all the more troublesome cases—soon got into arrears, and ran "out of benefit." Under the Government scheme, as we have seen, hardly any society member (as regards medical attendance) ever runs "out of benefit." Moreover, from the Friendly Society club practice many kinds of grave cases were excluded, and others paid for by extra fees. Now (apart from maternity) no disease or ailment is excluded, however caused, and no fees in addition to the fixed capitation fee were to be allowed. Venereal disease, in particular, which Friendly Societies almost invariably excluded altogether, will henceforth give the insurance doctor much work. Taking these considerations into account, it is plain that the amount of medical attendance per head of the insured population is going to be enormously in excess—perhaps three or four times the amount—of that given to the old "club practice." This, to the statesman, is, of course, one of the principal advantages of the Act. But when the doctors were asked to undertake it at a capitation fee of 4s. 6d. a head, which was little more than they had been protesting against as the "sweating" of club practice, they very naturally struck.

THE DOCTORS' STRIKE.

The doctors struck, and were soundly beaten; partly owing to the shrewd, if not very scrupulous, tactics of the Government, and partly to certain tactful concessions. The Government found, indeed, on looking into the matter, that the alternative on which they had mainly depended for breaking the strike—namely, the suspension of Medical Benefit, and the payment, instead, of 6s. per head to or for the insured person himself—was, owing to careless drafting, not warranted by the words of the Act, and it had to be silently abandoned. The Government could only threaten (1) the appointment of a sufficient number of salaried doctors, and (2) permission to the "blackleg" doctors to import any number of assistants, and so monopolise the whole practice. But these threats—the former put into the definite form of advertisements for such doctors by the Insurance Committees of Bradford and the Isle of Wight, and both of them contemplated and prepared for by the Commissioners—were found to suffice. Mr. Lloyd George, in the meantime, persuaded the Cabinet to give him another million and three-quarters sterling per annum—a trifle of fifty millions in capital value—wherewith to increase the capitation fee from 4s. 6d. to something like 7s. or 7s. 6d. per head. Another sixpence per head was deftly diverted from the Insurance Committee's fund for Sanatorium Benefit, and the domiciliary treatment of the tuberculous secured to the panel doctors. The requirements in the way of registers and reports were somewhat lessened, and still more glossed over. It was privately hinted that the vexatious form of day-book would be very shortly withdrawn, and a simpler card system substituted. The proposed disciplinary inspection and control was silently dropped. Gradually some thousands of doctors came in; their numbers were exaggerated in the newspapers; then the British Medical Association gave way, and there was a final stampede—though even now the agreement is only provisional, for three months, and nearly half the profession still refuse service.* Moreover, the great majority of the men on the panel are very angry. There will evidently have to be further minor adjustments before the situation is quite regularised. It is not by any means clear how the Insurance Committee can get medical treatment for the insured persons whom no panel doctor will accept. There seems nothing to prevent the doctors from accepting all the apparently healthy

* Up to the present, out of all the couple of hundred Insurance Committees, one only (Reading) has reported in favour of an income limit. Even in that case it remains to be seen whether it can possibly be adopted in practice.

* The still recalcitrant doctors, of whom one-fourth are in London alone, comprise, of course, a large majority of those not seeking working-class practice. The most striking case is that of the Marylebone District, inhabited by consultants, where only a score, out of more than a thousand, have gone on the panel. On the other hand, 90 per cent. of all the doctors in Wales have accepted service.

subjects, at the healthy ages, whilst rejecting those who have epileptic histories, or who are already suffering from some chronic complaint, or who are over 45. There seems nothing to prevent a panel doctor from quietly "weeding" his list, at the end of each year, so as to get rid of the patients whose chronic sufferings cause more work than the capitation fee is deemed to pay for. Moreover, the case is not yet provided for of the insured person who, as a servant or otherwise, habitually resides in several districts within each year. No provision is yet made (as seems imperatively required) for any person to be simultaneously on the list of more than one doctor, so as to be able to get medical attendance at whichever place he or she may momentarily be residing. It cannot surely be intended that all the paraphernalia of transferring from one doctor to another shall be required, on every removal from town to country or country to town.

AN ILLEGAL LIMITATION OF "MEDICAL TREATMENT."

What is even more important, and not yet commonly realised, is that the Commissioners, acting, it is believed, on the direct instructions of Mr. Lloyd George, have in this matter of Medical Benefit, not only, in various particulars, departed from the spirit of the Act; they have, as it seems, even failed to comply with its letter. The Commissioners, by the regulations that they have framed, have definitely prescribed the kind of medical attendance which alone the Insurance Committees are to provide for the insured persons. *This prescribed kind of medical treatment falls very far short of what the Act entitles them to.* What the Act gives them a right to, in return for their compulsory contributions, is (sec. 8, 1, a) just "Medical attendance and treatment," without words of limitation; and the regulations to be made by the Commissioners on this subject are to secure that this shall be "adequate" (sec. 15, 2), an important word which it is difficult to misconstrue. There is no limitation to the ordinary routine ailments, or to cases that are not difficult or dangerous. There is no exclusion of "major operations and other specialist services," which Mr. Lloyd George calmly assumes to be "not included within Medical Benefit under the Act." All patients, being insured persons, whatever their diseases, and however grave and difficult their cases, are statutorily entitled to a medical treatment that is "adequate"; the Commissioners are expressly required to take special action if, in any area, the medical service is not "adequate" (sec. 15, 2); and the Act gives no power, either to the Commissioners or to the Insurance Committee, to cut down or in any way limit what the Act, without words of limitation, expressly pro-

vides for—not even power to decide for themselves what shall be deemed to be "adequate."

WHO GAVE THEM THIS POWER?

In face of this very explicit statutory obligation, the Commissioners have deliberately *limited* the medical attendance to be provided by the Insurance Committees, a step for which we find no statutory warrant, and limited it, moreover, to treatment "of a kind which can consistently with the best interests of the patient be properly undertaken by a practitioner of ordinary professional competence and skill" (Medical Benefit Regulations, December 5th, 1912, p. 28). But what authority have they to impose any such limit? What about the cases for which such treatment is not "adequate"? *The Commissioners recognise that there are such cases*, because they expressly refer to them in the following terms: "Where the condition of the patient is such as to require services beyond the competence of an ordinary practitioner"—in which case, be it remembered, the Act gives him just as much a statutory right to medical treatment which is "adequate" as if his ailment were a trivial one—"the practitioner shall *advise* the patient as to the steps which should be taken in order to obtain such treatment as his condition may require" (*ibid.*, p. 28). But the Commissioners, by their regulations, do not allow the Insurance Committees to fulfil their statutory obligation to provide this "adequate" treatment in such cases.*

To the present writer this action of the Insurance Commissioners seems a definite violation of the law. The limitation of the medical treatment to the less grave classes of cases, and to the ailments requiring only ordinary treatment appears to be legally *ultra vires*. The Commissioners admit, by their regulations, that some surgical operations, even to the extent of requiring general anaesthesia, are included in Medical Benefit. Where do they find statutory authority to draw the line between some surgical operations and

* The Commissioners have expressly informed the doctors that "operations requiring special surgical skill are not incumbent on the practitioner under the agreement (except in cases of urgency), *even though he may possess the special skill required*. In cases of uncertainty as to whether an operation is incumbent on the practitioner he may refer the question to the local Medical Committee, and that Committee, or the Insurance Committee, may refer it to a Court of Referees (consisting of doctors and lawyers) set up by the Government. The following operations are definitely excluded from the practitioner's liability (except in emergencies): Trephining, laparotomy, operative treatment of fractures, amputation of limbs, and any operation requiring the assistance, in the operation, of an additional medical practitioner besides the operator and the anaesthetist. X-ray diagnosis of pathological or bacteriological investigations are also excluded."

In which section of the Act do the Commissioners find power to exclude such forms of medical attendance from "adequate" treatment?

others? The woman suffering from tumour; the man with strangulated hernia; the victim of appendicitis; the patient sinking under some obscure form of anæmia requiring a very expert examination of the blood, or blinded by cataract; anyone suffering from some disease which leaves the ordinary village practitioner hopelessly at sea, or who requires some operation to the performance of which he is plainly incompetent, is statutorily entitled to be provided—in return for the contribution which has been compulsorily taken from him—with medical treatment which the Courts will consider to be “adequate.” That adequate treatment—or, to use the Commissioners’ own terms, the treatment that his “condition may require”—is, at present, under the authoritative regulations of the Commissioners, so far as concerns the provision by the Insurance Committee, expressly denied to him. In view of the number and variety of cases beyond the competence of the ordinary practitioner—surgical cases, ophthalmic cases, refractory chronic cases, and what not—it is difficult to exaggerate the gravity of this action.*

THE COMMISSIONERS’ EXCUSE.

We understand the view taken by the Commissioners to be that in all cases involving, for “adequate” medical treatment, services beyond the competence of an “ordinary” practitioner, the patient should be advised—assuming that he is without the means of paying for the “adequate” treatment—to throw himself on private philanthropy in the shape of the voluntary hospital. The gravity of the situation from the standpoint of the patient and of the public health, is that the hospital may not always be willing to treat him, or to treat him gratuitously. Moreover, in two out of every three towns in England and Wales over 10,000 inhabitants there is at present no voluntary hospital of any kind; and, of course, in many a rural area there is no such hospital within reach. In these cases all that the insurance doctor will be able to do will be to “advise” the patient whom he cannot adequately treat to throw himself on the Poor Rate by seeking admission to the workhouse infirmary as being “destitute” of the medical treatment that, in the words of the Commissioners, his condition

requires. The whole organisation of the Insurance Act will have failed to supply the “adequate” treatment for which he has paid. He will be in exactly the same position as any poor person who is not insured under the Act. The Commissioners’ view apparently is that, *whenever the case is a really serious one*, the Act has put the insured person in no better a position as regards medical treatment than he was before he was insured! The question cannot be left there.

It is, of course, true that the Friendly Society and ordinary practitioner have, in the past, usually excluded such grave cases, and such first-class operations (along with venereal diseases and various other ailments) from their “club practice.” But this does not affect the terms of the Insurance Act, which avowedly gives to the insured person much larger rights than those usually enjoyed by the member of the Friendly Society, who often paid a lower premium. We cannot even inquire what Mr. Lloyd George, or the average legislator, had in his mind when passing the unlimited terms of the Act, and providing expressly for a treatment which should be “adequate.” The obligation is now on the Insurance Committees to provide medical treatment, *according to the terms of the Act, as the Courts will construe them*, and on the Insurance Commissioners to frame regulations to secure that the Insurance Committees shall do so.

THE NEED FOR MORE HOSPITALS.

Moreover, quite apart from the provision of necessary medical attendance in grave cases as well as in the simpler ailments, there is the question of those cases which cannot be adequately treated in the patient’s own home. It is clear—to leave for the moment the legal point—that, from the standpoint of public health, no system of medical treatment can be adequate which does not include systematic hospital provision for such cases as imperatively require it. It is sometimes calculated that, for fifteen millions of persons, about 30,000 hospital beds are required. This is apart from the provision for cases of infectious disease, which, it is assumed, the public health hospitals will make. The present total of voluntary hospitals, great and small, in the United Kingdom is about 800, having probably 25,000 beds. This is not sufficient for the thirty millions of persons, young and old, who are still outside the insurance scheme, even if exclusively reserved for such persons. It plainly does not enable 30,000 beds, or even one-tenth of that number, to be placed at the disposal of the Insurance Committees. We must look for the solution of this problem, to the powers now given to the County and County Borough Councils, to provide “sanatoria,” not for tuberculosis alone, but (subject merely to the

* In confirmation of the above criticisms, we may note that Dr. Buchan has just formally brought to the notice of the St. Helens Insurance Committee that the medical service of panel doctors which they have provided is not adequate, especially for accident cases. He urges the appointment by his Committee of part-time surgeons. He suggests that this should be done under sec. 15 (7) and (8) of the Act, on the ground that the Insurance Fund has already proved insufficient to meet the cost of the necessary medical treatment, so that application can be made to the Treasury and the County Council for a grant! These authorities may be expected to ask, by what legal authority have the Commissioners so limited the service?

consent of the Local Government Board), for any disease whatsoever. But a Grant in Aid of more than the million and a half sterling voted in 1911 will be required. What seems called for is (a) new regulations by the Insurance Commissioners deciding how the Insurance Committees are to provide the medical treatment given by the Act, as regards all the cases beyond the scope of the practitioners on the panel; (b) pressure on the County and County Borough Councils (accompanied by offers of Grant in Aid) to establish everywhere new and additional "sanatoria," and to open these to all diseases; (c) pressure on the Insurance Committees to secure that they everywhere provide, not merely the ordinary practitioner, but (as regards cases beyond his scope) the "adequate" medical service required by the Act.

NO "SECOND OPINION" ALLOWED.

We cannot dwell in detail on the other points on which the Insurance Commissioners seem to us to have cut down the wide provisions of the Act. For instance, in a difficult case the ordinary practitioner needs to consult an abler physician or to call in a more expert surgeon, and the Commissioners' first regulations allowed this in express terms, no doubt on the assumption that, in some cases, "adequate" treatment could not be given without it. *But by the final regulations of December 5th the permission is withdrawn.* There is now no power to consult a specialist, or to call in a competent surgeon, even in the most difficult cases, in which "adequate" treatment could not otherwise be given. There is, in particular, no mention of, and by implication, no provision for the services of the dentist or the oculist, even as regards districts in which none of the practitioners on the panel can pretend to expert skill in eyes or teeth, and even for those cases in which, without such services, the treatment could not in any sense be "adequate." And, most ungenerous of all, whenever a doctor, in the interests of the insured person, and to make sure that his treatment is "adequate," thinks of administering an anæsthetic, he must *pay for it out of his own pocket.**

THE "FLOATING SIXPENCE."

An ingenious device—in contravention, as it seems to the present writer, of the intention and the spirit of Sec. 15, 5, ii. of the Act—has been adopted with regard to the provision of drugs and appliances. The Act expressly provided that (except in special cases) the doctor should not

himself supply these things at a capitation fee, the manifest intention being to prevent his being under pecuniary temptation to avoid the more costly forms of treatment. Well, the Commissioners, acting under the direct instructions of Mr. Lloyd George, have refused to let the Insurance Fund stand the racket of the possible increased cost of an "adequate" supply of drugs; the chemists have had to run some risk, but are pretty well safeguarded; it is out of the aggregate of the capitation fees of the medical practitioners on the panel in each district that high chemists' bills are ultimately to be met! A fixed sum of nine shillings per head is set aside to cover the whole cost of the Medical Benefit, together with the domiciliary treatment of tuberculosis. A price list of drugs and appliances has been settled with the chemists.* The chemist has the first call on this to the extent of 1s. 6d. per head; if the total chemists' bills for the district exceed this sum, they may draw upon a further sixpence per head, but no more, and beyond that figure their bills are to be proportionately scaled down; the doctors are to get, collectively, *all that is left*, namely, seven shillings per head plus all that is saved beyond 1s. 6d. per head by a parsimonious use of drugs and surgical appliances! Thus, whenever a doctor, in order to make his treatment "adequate," prescribes salvaran or potassium iodide, or any other costly drug, or orders bandages or splints or an icebag, he has to realise that by driving the total bill beyond 1s. 6d. per head, and thus encroaching on "the floating sixpence," the cost may very probably have to come out of the pockets, jointly, of himself and his colleagues on the panel. Thus, the doctors are still to have—contrary to the spirit of Sec. 15, 5, ii. of the Act—a pecuniary inducement to avoid prescribing the more costly medicines and surgical appliances.† Under this arrangement a local epidemic not only increases the doctors' work, but

* This price list of drugs appears to afford a somewhat limited range—more limited than the list in use in the prison service. But any drugs not mentioned in the list may nevertheless be prescribed, on a special form, and will be specially charged for. More serious is the exiguous character of the list of appliances, which the Commissioners were empowered to draw up, and *which cannot under any circumstances be departed from*, however dire the need. The list includes neither trusses (for rupture), nor artificial limbs of any sort, and not even crutches. Spectacles, even when their use is indispensable to prevent injury to the sight, are also not included. To have included these for the small number of cases needing them would have added only the tiniest of fractions to the cost per head of the 13 or 14 millions of insured persons. It is difficult to see how, in some cases, "adequate" treatment can be given without them.

† This is why Mr. Lloyd George was never able to offer the doctors a definite and certain capitation fee. What they will get will be what is left out of 9/- per head, after deducting first, 1/6 per head for the chemists, and then the cost of all the drugs and appliances that they order over and above 1/6 per head up to 2/-.

* It is true that the Commissioners' regulations allow, as an alternative to the mere capitation fee, the payment for certain special services. But this payment is not additional to the capitation fee. It is merely to be taken out of the sum of the capitation fees, which are thereby reduced. Hence it is understood that the system of simple capitation fee has usually been adopted.

may also cut into the doctors' living, by reason of the increased prescriptions which, if the drug bill is run up to more than 1s. 6d. per head, they will have to make at their own cost. The Chancellor of the Exchequer has, indeed, promised, in the event of any special *national* epidemic, that his successors shall make them an extra grant for the extra drugs that it may necessitate—to come, not out of the Insurance Fund, but from moneys to be then voted by Parliament.

(g) Sickness Benefit.

Although the Chancellor of the Exchequer seems to have determined to subject the Medical Benefit to a fixed maximum, and the Medical Benefit only, this is not the most expensive of the benefits which the Act provides. The Sickness Benefit of ten shillings a week for a man and seven and sixpence for a woman during twenty-six weeks' sickness, is expected to cost the Insurance Fund half as much again as the doctoring. It would have cost much more if it had not been, on second thoughts, cut down from the Friendly Society standard. One of these curtailments, which cut out the first three days' sickness from eligibility (and thus got rid of a vast number of small claims), was compensated for by the socially more valuable extension of full sick pay from thirteen to twenty-six weeks, instead of half-pay only for the second quarter. Possibly equally restrictive, though less noticed, and not compensated for, may prove to be the adoption, as the condition of eligibility, of the very severe words "incapable of work" in place of "rendered unfit to provide their own maintenance." This was a Government amendment of the Bill forced through under closure, and without discussion. On a rigid adherence to these words the Government actuaries, we are informed, lay great stress. But they are not the words commonly used in the Friendly Society regulations, or in the usual form of medical certificate, which testifies merely that the patient is incapable of *following his occupation*. There is a marked difference between being unable to follow one's own occupation, and being "incapable of work," that is, *of work of any sort*.

The allowance of, and the payment of Sick Benefit (which rests with the approved societies, and, in the case of the Deposit Contributors with the Insurance Committees) is already proceeding; and something like £200,000 is now being distributed every week, to half a million beneficiaries, one half of whom have never before known the boon of "sick pay." We hear little of the blessings which these half a million half-sovereigns (or seven and sixpences) are bringing to so many poor homes. We hear only of the complaints.

"INCAPABLE OF WORK."

Naturally, all sorts of questions are cropping up. The certificates of doctors who are not on the

panel have been in some cases refused, it seems, without justification, as (regarded merely as evidence of sickness) their testimony is as good as that of any other medical practitioner. We gather that, up and down the country, strict officials of the approved societies are (on instructions from the officials of the Insurance Commissioners), rejecting as insufficient any medical certificate in the common form; and are insisting on express medical testimony that the claimants are definitely "incapable of work." The result is that, in most cases, the certificate is reworded, and the societies get the form on which they have been told to insist! But there is here an opening for trouble, of which we shall hear more.

If any attempt is made to deny sick pay to an insured steelmelter or "navvy," a piledriver or a lens grinder, on the ground that, though incapable of following his own occupation, he is physically capable of work as a gatekeeper or time-keeper or caretaker—or, for that matter, of a school teacher—there will be a tremendous outcry! What is expected—what, indeed, is socially required—is that, whenever an insured person is incapacitated by illness from following the occupation by which he lives, and thus prevented from drawing his wages, he should receive sick pay. It is plain that it is ability to resume the earning of wages at the occupation which the illness interrupted that must be the test. The patient certainly cannot be expected to seek out and embrace a new and lighter occupation actually during his illness or his convalescence, even if he is physically equal to it. Such a course would almost inevitably delay or even jeopardise his recovery. In fact, in most Friendly Societies, it is expressly provided "that no member shall follow any occupation while in receipt of sick benefit."

The question arises, however, at what date it should be concluded that an ailment will permanently incapacitate for the patient's normal occupation, but yet leave him capable of other work. It does not seem possible to make this decision in cases of ordinary illness at any earlier date than the expiry of the six months allowed for sick benefit. It brings us, in fact, to the difficulties that are going to attend Disablement Benefit.*

* The societies have the power, subject to the consent of the Commissioners in each case, to cut down the rate of sick pay in cases in which it amounts to more than two-thirds of the patient's usual earnings, on condition that they make the reduction up to him in other benefits. No society has yet exercised this power. It is doubtful whether it will in any case be found practicable. As the power must apparently be separately exercised, and the alternative benefits must be separately arranged, for each individual member—as distinguished from whole classes of members according to the remuneration of the class—it seems an unworkable provision. Imagine the Insurance Commissioners having to "consent" separately to each member's case!

(h) Disablement Benefit.

Disablement Benefit, which takes the place of the "continuous sick pay" of the Friendly Society, may prove to be socially the most valuable of all the benefits of the Act, amounting, in fact, to an "Old Age Pension on breakdown," whatever the age. On the other hand, it may be so restricted by regulations and administration as to be almost valueless. As it cannot begin, in the earliest case, until July 15th, 1914 (and, except by deliberately stamping the card during sickness in order to qualify, not until January 15th, 1915), there is time to make any amendments that are found to be required.

It is to be noted, in the first place, that Disablement Benefit is intended to begin where Sickness Benefit leaves off. But an insured person will often be eligible for Sickness Benefit and not for Disablement Benefit, by reason of having paid more than 26, but less than 104 weekly contributions. There may thus be a period during which the insured person, though incapable of work, can receive neither Sickness nor Disablement Benefit. As a matter of fact, every insured person who falls ill before January 15th, 1914, and continues ill for more than six months, will be in this case. Up to July 15th, 1914, there is no help for him (unless there is an amending Act), because the requirement of two years is absolute; but on that date, if he is still incapable of work, he could make himself eligible for five shillings a week during future incapacity by simply paying up whatever number of weeks' contributions he fell short of 104, which would be at least twenty-six, and would cost therefore a sum of 15s. 2d. for a man or 13s. for a woman. If the sufferer could not produce this sum, or if he was unaware of this option, he will probably be the case in thousands of instances—he would, if he remained incapable of work, lose his Disablement Benefit for life. Trade Unions and Friendly Societies ought to arrange to make the necessary payments to save their members from thus losing a valuable provision. It would seem desirable (and not very costly to the Insurance Fund) to amend the law by making all persons eligible for Disablement Benefit who had been in receipt of Sick Benefit for twenty-six weeks, and were still incapable of work.

The words "incapable of work"—the same for Disablement Benefit, which may last until 70, as for Sickness Benefit, which is limited to six months—need, it is clear, to be more carefully defined, both in the interest of the insured person and in that of the public. Literally, the phrase seems to mean incapable of any work, which even a bed-ridden paralytic may not be. Perhaps it may be construed to mean any work by which even the smallest wage could be earned—that is to say, incapacity to obtain even the lightest and most scantily paid employment. In that case the

eligibility of the sufferer, and the drain on the Insurance Fund, will vary according to the state of the labour market! In practice no one is likely to get himself employed for much less than 10s. a week, if (by proving himself incapable of getting employment) he can make himself eligible for a pension of 5s. until 70. In the case of women suffering from chronic illness, this will mean that they will seldom be found to be ineligible for Disablement Benefit. What seems required is a statutory definition, perhaps making eligible those who do not in fact (and are certified to be unable to owing to their disablement) earn at any lawful occupation whatever, an amount equal on an average either to one-third of their previous wages; or, if a fixed amount is preferred, 7s. 6d. a week.

THE ENDOWMENT OF "THE LAUNDRESS'S HUSBAND."

It is remarkable that no provision is made in the Act with regard to the very important question of the steps to be taken before saddling the Insurance Fund with an allowance of 5s. a week until 70 years of age. All that the Commissioners have done is to prescribe a model rule for the approved societies, enabling them to require, in *Sickness and Disablement Benefit alike*, medical certificates, at weekly or other intervals, from an ordinary "panel doctor"; with the mere option to insist on a medical examination by some other doctor, for whose payment no special provision is made. In the wider interest of the community, no less than in that of the Insurance Fund itself, the Commissioners ought to insist by regulation on (a) a special medical report *being made to them* in each case; (b) a specialist inquiry, not by an ordinary general practitioner, as to whether any curative treatment cannot be recommended, before accepting the case as one of life-long disablement; and (c) the adoption by the sufferer, unless good ground is shown to the contrary, of the means of cure thus authoritatively recommended. Moreover, provision ought to be made—the Act says nothing about it, and the model rule is merely permissive—for periodical re-examination of every case. Otherwise, as it is to be feared, the prospect of a 5s. a week pension for life will prove an irresistible temptation to many a "laundress's husband"! And what of the West of Ireland?

(i) Maternity Benefit.

Maternity Benefit began on January 13th, and already by the end of that month, nearly 40,000 mothers will have received it. From now onwards, we may assume that such claims are dropping into the approved societies at the rate of about five *every minute* of the official day! No part of Mr. Lloyd George's scheme has met with more universal approval. The idea of the public

"endowment of motherhood" has certainly come along with extraordinary rapidity.

What is already apparent about the Maternity Benefit is—just as in other parts of the Insurance scheme—the boldness and breadth of the outline, and then the marring of the conception by niggling little defects. It is admirable to seek to ensure that no woman over 16½ years of age, married or unmarried, who is either employed under £160 a year or married to a man earning less than that sum, shall henceforth ever lack the amount of attention that Maternity Benefit implies. It is excellent to make it nearly as impossible to fall "out of benefit" for this as for medical attendance and medicine. It is thoughtful to provide for the case of the mother whose husband is abroad or in hospital; and not to have forgotten the posthumous child. It is quite useful to allow the card to be stamped by the insured person, so as to prevent the claim to the 30s. being defeated (as it might easily be if the baby is born within seven or eight months after the commencement of insurance) by the lack of a few weeks' contributions. It is good to lay it down definitely by statute, without partiality for the one or the other, that a woman shall be entitled to choose either midwife or doctor. The benefit is not withheld if, after twenty-eight weeks of pregnancy, the child is stillborn. It is only reasonable, when the mother is herself an insured person, to count the confinement as an illness, alike for eligibility to Sickness Benefit and for exemption from contributions during a fixed period of six weeks. It is a satisfactory (but how belated!) amendment of the law, for the first time, to require the husband, under penalty, to make proper provision for his wife in her hour of trial.

On the other hand, it is a little absurd to refuse Maternity Benefit merely because the compulsorily insured husband was over 65 when the Act was passed. It seems hard on the unmarried mother, being an insured person, that she should get only the Maternity Benefit, and be deprived of Sickness Benefit, whilst a married woman who is an insured person gets both, even if her husband is not an insured person. The contributions in these two cases are the same, and there seems no reason why the benefits should not be the same. Moreover, difficulties have at once arisen in connection with the fee of the doctor whom the midwife is legally required to summon in case of a dangerous emergency. The fee of this doctor, summoned in the interests of public health, not with the authority of the patient herself, or even necessarily at the request of her husband, but by command of Parliament, ought to be met by the Public Health Authority. It is being so met in Liverpool and Manchester and elsewhere, and is found to amount only to an insignificant sum yearly. But the Local Government Board sees with jealousy this action of the Local Health Authority, and has sought, by

Circular and inspectorial exhortation, and by two successive Bills (which had eventually to be withdrawn) to bring the service within the scope of the Poor Law Authorities. Baffled in this attempt, it has now managed to impose the charge, like a clog, on the Maternity Benefit. This means that, in something like one case in every hundred, a large part of what is left of the 30s. after paying the midwife's fee will get swallowed up by the emergency doctor, so that little will be available for the needs or comforts of the unfortunate woman. What is even more important is that no society can be sure, in paying Maternity Benefit where a midwife is employed, that it will not find itself liable to a subsequent claim from the doctor. The Commissioners have done their best, by limiting the doctor's fee to ten shillings, and compelling him to claim within twenty-four hours, to diminish the evil. But the quite unnecessary proviso is still (a) hampering the societies in the prompt payment of Maternity Benefit; (b) creating a difficulty in the exercise, by the expectant mother, of her statutory choice; and (c) militating against the employment of midwives. The Commissioners ought to go a step further. The contingent liability to summon a doctor in unforeseen emergency is clearly a case for insurance. It is within the power of the Insurance Commissioners, by regulation, to enable the charge—quite trifling if spread over all the insured lives, or over all the births—to be met by each approved society itself, as an incidental expense; or else to be met (sec. 20) as one of the "liabilities . . . in respect of Maternity Benefit," by reinsurance with the Commissioners, the cost being thus divided amongst all the approved societies. The payment, at present, falls with crushing weight on one poor household. Spread over all the insured persons, it would not amount to a penny per annum.

(j) The Costliness and Complication of the Administration.

It is an inevitable drawback of the contributory basis of the scheme, aggravated by the necessity of working through nearly two thousand heterogeneous societies, having twenty thousand financially autonomous "courts" or "lodges," that the administration should be costly and complicated. How costly and complicated it is proving we do not think that anyone—not even Mr. Lloyd George himself—has yet formed any adequate conception. The English Commissioners have long since outgrown the accommodation of their huge office block at Buckingham Gate. A special building at Maida Vale now houses the army of accounting clerks and the gigantic card catalogue. The thousand or more clerks of the Insurance Commissioners for England; the hundreds more in the offices for Scotland, Ireland, and Wales; the

scores of inspectors already appointed, represent only a fraction of the new staff that has had to be called into existence. Large employers have had to take on additional clerks for insurance work alone. It has been estimated, on the basis of certain known instances, that the 2,000 approved societies (in the aggregate, with their courts and lodges, some 20,000 separate entities) have found it necessary to engage no fewer than 20,000 extra clerks to cope with the accounts and cards of their twelve and a half million members. This is even creating a new class of "casual labour," there being now thousands of clerks taken on just before quarter-day, to be discharged a few weeks later. The total expenditure of the Government, the Insurance Commissioners, the Insurance Committees, the District Committees (as yet only in course of formation), and the societies for working the Act (irrespective of that to which employers are put) is now estimated at nearly three millions sterling per annum, four-fifths of it being for salaries. In the way of directly and indirectly creating places for officials, high and low, Mr. Lloyd George holds what must surely be the record! In mere numbers, at any rate, India is not in it! There has been, probably for the first time in the history of clerkdom, an actual clerk famine.

Now, there is no social or economic objection to an increase of administrative staff, if we get thereby a new and valuable public service, and if we do not unnecessarily magnify the task. The 20,000 clerks who are administering the Insurance Act—assuming this to be a measure of great public utility—are just as beneficially employed and just as "productive" in any valid sense as if they were digging potatoes; and they are far more socially useful in distributing Maternity Benefit than if they were engaged on a vast enlargement of Stock Exchange business, or as domestic retainers of the idle rich. Moreover, the Act is going to be of immense value in giving us statistics. But it is a pity actually to waste even clerical labour, and the operations of the Insurance Act entail a great deal of waste.

WASTE!

Let us note, to begin with, that the splitting up of the United Kingdom into four nations, each having its own separate Insurance Fund, its own body of Commissioners at £1,000 a year each, and its own separate service, is causing a vast, unforeseen, and quite unnecessary complication. There are four sets of regulations to be made, and these are not always identical. As a matter of fact, it has been found necessary to set up a fifth body, the Joint Committee of the four Com-

missions, in order to ensure uniformity of actuarial tables, and sufficient general coincidence among the regulations and decisions to avoid open scandal. But this quintupling of headquarters authorities is the least of the evil. The membership of Friendly Societies is, except in the case of the smallest organisations, not confined to any one part of the United Kingdom, and the operations of all the principal societies, which include nine-tenths of the insured persons, extend from Wick to Penzance, from Lowestoft to Limerick. In all these societies the necessary transactions with headquarters have to be multiplied fourfold—there have to be four letters on every point, four applications for funds, four forms, four accounts, four audits, four valuations, and so on—being one such part of the membership as lives in England, Scotland, Ireland, and Wales respectively.

But much more is to come. It is the Local Insurance Committee which is made responsible for supplying medical attendance, and by an unnecessary fiction it is made to do so virtually as the agent of the several approved societies, in respect of the particular members living within its area. We must here omit Ireland, which (having already a gratuitous public medical service apart from the Poor Law) has no need to pay for Medical Benefit. Now there are in Great Britain, including the autonomous courts and lodges of the great "Orders," some 20,000 financially distinct "approved societies," having their members residing within one or other of the areas of nearly 200 Insurance Committees. Each of these 20,000 societies' courts and lodges is now engaged in supplying each of these 200 Insurance Committees with a list of its members resident within that particular town or county! There are, accordingly, nearly twelve millions of names and addresses to be sorted out by borough and county boundaries (a herculean task); and then to be classified by 20,000 office staffs, on anything up to, potentially, 4,000,000 (four million) separate lists! The office of the Prudential Approved Society for men, for instance, which is at 142, Holborn Bars, London, has, like the Hearts of Oak and other large societies, members in practically every one of the areas of the Insurance Committees in Great Britain. It has had the task of supplying each of these couple of hundred Committees with a detailed list of the names and addresses of such of its million members as live within that particular area. Every one of the 20,000 societies is doing the same. To look at the matter from the other end, the London Insurance Committee is now receiving lists from nearly 20,000 separate societies, courts, and lodges, varying in length from one to a hundred thousand names! Never since all the animals on the face of the earth were brought to Adam to be named has there been such a gigantic task!

A COMEDY OF ERRORS.

And the lists are, with scarcely any exception, incorrect! There is first the impossibility of discovering at a distance whether a man who gives his address at 1, John Street, Coventry, is within the County Borough of Coventry or the County of Warwick, or whether 100, Church Road, Kilburn, is in London or Middlesex. To meet this perennial difficulty the Commissioners have had to create a gigantic "Clearing House" for cards wrongly ascribed. But even when the twelve million names and addresses have been all correctly placed upon one of the (literally) million lists, there remains the fact that, within the few months that the operation has taken, a quite extensive proportion of the persons designated have changed their addresses! Notwithstanding these inevitable errors, each of the 20,000 societies, courts, and lodges is supposed now to be bargaining (Sec. 15 6 of the Act) with each of the couple of hundred Insurance Committees (a possible four millions of separate bargains) as to the exact price and conditions of the medical service to be rendered to its members residing within each of the areas. Or, to look at it from the other side, the London Insurance Committee is now supposed to be bargaining on these points with all the 20,000 separate societies, courts, or lodges having each one or more members within its area. This is what the Act prescribes (Sec. 15, 6). Of course, it is all fictitious. All the Insurance Committees and all the approved societies were induced to sign a form which made the Commissioners their agents for these purposes. Mr. Lloyd George has, without statutory authority, himself fixed the terms, driven the doctors *en masse* to accept them, and virtually made, at one stroke, on behalf of the 200 Insurance Committees, all the potential four million bargains that the Act contemplates. *Nevertheless all the forms have to be gone through;* and all these millions of separate agreements have to be formally concluded, signed, sealed, and delivered, —unless, indeed, the Commissioners drive a coach and four through the Act—between all the several 20,000 separate societies, courts, and lodges, and all the several two hundred Insurance Committees; then all formally sanctioned by one or other of the three sets of Insurance Commissioners; then severally communicated by each of the two hundred Insurance Committees to each of the 20,000 societies, courts, and lodges (what an avalanche of letters!)—necessary, even if the Commissioners dispense with separate formal agreements, if only because, without such communication, the society, court, or lodge cannot become aware of the sum that will be debited to it, and because, without such agreements, it would not be possible either for the money to be lawfully paid by the Insurance Commissioners out of the funds standing to *each society's* credit; or to arrive at the total sum

which each Insurance Committee may spend on Medical Benefit, on which a claim on the Treasury may eventually need to be based [Sec. 15 (7) and (8)].

CHECKING THE DRUG BILLS.

It is perhaps a relatively small matter for each of the 200 Insurance Committees to have, in addition, to enter into a formal agreement, signed, sealed, and delivered, with each of the chemists within its area for the supply of drugs and appliances according to a tariff for which each Committee is assumed to have made its own separate bargain. It will not, however, be a small matter to check the bills that these chemists will send in to the Committee quarterly for the innumerable tiny orders that the insured persons will have given; *to verify whether each such person was "in benefit" at the time,* actually inscribed as resident within the particular area, and duly on the list of the particular medical practitioner whose prescription he has presented; to verify the fact of that particular medical practitioner being on the panel; to check the prices charged for each item; and generally to prevent collusion and fraud.*

THE UNIVERSAL "GENERAL POST."

Now, it is perhaps time to consider all this complicated network from the standpoint of the insured person. His name and address have eventually, after many errors, got themselves registered both at his particular one of the 20,000 societies, courts, or lodges, and at the Insurance Committee within the area of which the address is discovered to be. Meanwhile *he or she has probably moved*, either merely to another residence—one-third of the people of London flit within each year—or to visit relations elsewhere, or to go for a holiday at the seaside, or to take up a new situation, or as a domestic servant accompanying his or her employer. *The insured person must send notice of every such removal* to the Insurance Committee for his new place of residence, as well as to his approved society, or else there will be difficulty and delay in getting medical treatment. Hence the numbers for whom each of the 200 Insurance Committees will have to provide medical attendance on behalf of each of the 20,000 societies, courts, or lodges, each of which will have to be separately debited with the cost, will be always fluctuating. Moreover, it is not merely the net alterations in the totals of insured persons

* The sum allowed to Insurance Committees for expenses, like that allowed to approved societies, is proving ludicrously insufficient in all but the largest units. To allow the Isle of Ely or the County of Rutland a sum of £20 a year, or Norfolk and Hull no more than £150, to cover all the necessary expenses, is farcical.

actually resident that will have to be recorded. The Insurance Committee is concerned with every change, outward or inward, because even if they balance each other in the aggregate, they will each of them affect the local membership of the separate societies, courts, or lodges with which separate accounts have to be kept, and from which the cost of each person's Medical Benefit has to be separately reclaimed. The mere changes of names among fourteen million insured persons—by marriage, even if from no other cause—involve a bewildering amount of registering. Then there are the changes of doctor, the transfers from one society to another, the Deposit Contributors joining approved societies, the members of approved societies becoming Deposit Contributors, the compulsory insurable persons becoming voluntary insurers, the voluntary insurers becoming compulsorily insured, the insured persons who cease to be insured at all, and the uninsured persons who become insured—all requiring repeated notifications, registrations, and communications, backwards and forwards! The office of the London Insurance Committee dealing thus with the incessant ebb and flow of fourteen hundred thousand insured persons is already gigantic. And as yet not a tithe of the task has been tackled!

YET HOW SIMPLE IT ALL IS!

Thus far as regards the Medical Benefit alone. The complications involved in the other benefits will unfold themselves to us later. But it is impossible to leave the subject without contrasting this fearful and wonderful network with the simplicity of the Public Health Service in performing an analogous if a smaller task. Every year the Local Public Health Authorities, in England and Wales alone, supply medical attendance and treatment—not exclusively in hospital—to about 100,000 sick persons, without pauperism or disgrace, and with great public approval. These 100,000 persons, suffering from scarlet fever and diphtheria, enteric and smallpox, together with an ever-widening list of diseases, are of all ages and both sexes; and they accordingly represent a population to that extent "insured" which is considerably larger than the total number of persons for whom the Insurance Act provides Medical Benefit. The population insurable under that statute, vast as it is, is only one-third of the whole. Not one-third only, but probably three-fourths of all the cases that occur in the kingdom in this particular range of diseases, are dealt with by the Public Health Authorities.

NO REGIMENTATION OR REGISTRATION.

Now, this provision of medical attendance and treatment, in respect of one particular range of diseases for three-fourths of the population, involves

no prior registration of the people; no elaborate lists of addresses; no solemn fictions as to bargains about terms; no formal agreements with 20,000 separate societies, courts, and lodges; no debiting and crediting of all the different accounts in respect of the whole total of insured persons; no obligation to notify changes of residence; no reports as to which particular persons have been treated or supplied with medicine—in short, practically none of the enormous official paraphernalia which the Insurance Act is creating. The Public Health Authority does it by simply assuming that, so far as its provision of medical attendance and treatment is concerned, all the people are "insured," and that none of them have run "out of benefit"! It knows that "contributions" have been paid, somewhere in the United Kingdom, in respect of all of them without distinction; and it does not trouble to inquire where. It takes no heed of which particular organisation a sufferer is a member or within the area of which particular Committee he has previously been residing. It recognises, as Mr. Lloyd George has done, that a sick person unattended to is a public danger. It asks only one question, Is there any patient within the district needing treatment for any one of the diseases that it undertakes to deal with? If so, the treatment is provided. We have already shown how wisely and generously Mr. Lloyd George has acted in making it nearly impossible, as regards medical attendance and treatment, for any of his insured persons—always excepting the aggrieved Deposit Contributors—to fall out of benefit. Why, then, keep up all the costly and elaborate paraphernalia that we have described? Surely it would be better to follow the simplicity of the Public Health Authority; to assume that, *as regards medical attendance*, all insurable persons are insured in one great national society and in benefit; to ignore all changes of residence, and treat every sick person wherever he happens to fall sick, letting him present his card to any doctor on the national panel, or at any rate to any Insurance Committee office, and to cut away all the complications into which we are drifting.

II.—UNEMPLOYMENT INSURANCE.

Numerous and complicated as are the administrative problems presented by the Sickness Insurance Scheme, it is doubtful whether they have been as varied and difficult as those which have to be faced in the scheme of Unemployment Insurance. The latter have, however, had the advantage, from the official standpoint, of almost entirely escaping public attention. Screened by the more extensive and more advertised Sickness Insurance, the Unemployed Insurance Scheme has been "worked out in the shade," and has been started almost without notice.

(a) Who are Insured.

The limitation, for the present, of the area of compulsory Unemployment Insurance to only seven industries, which are, for the most part, carried on by capitalist enterprises on a large scale, has given the Board of Trade, at the outset, a much smaller task than that of the Health Insurance Commissioners. And the scheme met with a more cordial acceptance. There seems to have been only the very smallest resistance to the payment of the contributions. In the seven trades concerned, all the employers of any magnitude could be directly communicated with, and they promptly fell in with the necessary arrangements. At first, it appears that a number of small employers, chiefly in the building trades—especially in the rural districts, and in Scotland and Ireland—were not insisting on their workmen getting Insurance books, and, therefore, not stamping them. In some cases nondescript employers of workers (such as estate carpenters) coming within the scheme failed altogether to realise their new liability. But every week since July 15th, 1912, has seen an increase in the number of unemployment books issued and in the weekly sale of stamps—during the second quarter the totals were fully five per cent. in excess of those of the first quarter—and it is believed that the percentage of failures to stamp the card is now quite infinitesimal. At the same time, it is a significant fact that, even six months since the Act came into force, there should be, taking the Kingdom as a whole, more than fifteen hundred new insurers per week. As the weekly increase of the insured trades is not half that number, some operatives have hitherto escaped contribution.

The total number of persons estimated to come within the Scheme in March, 1912, was 2,421,000, which would be equivalent to about 2,450,000 at the end of the year. The number of Unemployment Insurance books issued up to that date was, however, only 2,250,631, and by February 1st, 1913, only 2,297,326.

THE SHRINKING OF THE BUILDING TRADES.

The "shortage" of 150,000 is believed officially, not to represent any evasion of the Act but to be due to an unduly large estimate having been made of the number of men employed in the building trade, where great technical transformations are taking place. On the other hand, more men have insured in the shipbuilding and coach building trades than were known to be employed there. In the absence of any accurate figures, and with a census over ten years old, no precise or authoritative estimate could be made in advance of the numbers of men in each trade.

Roughly speaking, about eighty per cent. of the insured workmen above mentioned have claimed and been allowed, in accordance with Schedule 7, the maximum of twenty-five weeks added contributions, in respect of employment in an insured trade previous to the passing of the Act. The effect of this allowance of added or fictitious contributions is substantially that these 1,800,000 insured workmen are immediately placed in such a position that they become entitled at any time after January 15th, 1913 (subject, of course, to Section 86) to five weeks' unemployment benefit in addition to what they may have earned by six months' employment; in other words, they are each credited with a "reserve value" of 35s. upon which they may, subject as before-mentioned, immediately draw.

But whilst the limitation of the Unemployment Insurance Scheme to seven selected industries has made it more manageable, this very limitation has brought with it a troublesome complication as regards "boundaries." It seems to the politician a simple thing to declare that every workman in the engineering and shipbuilding trades shall be insured. But no one had any adequate conception of the number, variety, and difficulty of *bonâ fide* cases of doubt. Literally thousands of border-line

Return showing by Trades and Districts the number of Unemployment Books issued,

Trade.	London and S. Eastern.	South Western.	West Midlands.	Yorks. and East Midlands.	North Western.	Wales.	Scotland and Northern.	Ireland.	Totals for United Kingdom.
Building Works of ...	282,880	74,832	52,249	95,174	101,467	39,381	96,934	36,411	779,337
Construction	28,066	11,308	9,000	25,474	25,508	15,301	31,791	5,493	151,939
Shipbuilding ...	18,486	22,188	342	7,864	29,957	10,126	131,612	19,987	240,555
Engineering ...	116,267	39,284	72,719	164,067	157,886	16,845	199,042	21,837	787,998
Construction of Vehicles ...	42,209	14,908	55,904	32,617	20,725	4,188	17,901	5,098	193,540
Sawmilling ...	4,229	1,389	719	3,256	2,323	876	4,504	1,365	18,601
Other Industries	9,480	3,815	6,278	13,773	17,517	5,165	20,797	1,797	78,668
Totals (28.12.12)	501,617	167,724	197,211	342,245	355,383	91,882	502,581	91,988	2,250,631
Totals (1.2.13)	510,349	171,185	202,820	347,827	362,644	94,790	513,640	94,071	2,297,326

cases came to light. Here a great deal of friction and dissatisfaction has arisen.

THE CHAOS OF DEMARCATATIONS.

To clear up any cases where there was any doubt as to whether any particular workman was or was not insured, the Act provided for the appointment of an impartial umpire. His decisions are subject to no appeal, and his power is absolute. Definit lines were laid down in the Act [sec. 107 (2)], upon which the umpire was presumably to base his decisions, to the effect that "In determining any questions as to whether any trade in which a workman is or has been employed, is an insured trade or not, regard shall be had to the nature of the work on which the workman is engaged, rather than to the business of the employer by whom he is employed." Unfortunately, so complicated were the cases that the umpire "wobbled"! In the long list of his decisions, now nearly 1,300 in number, the reader will find the most incomprehensible rulings, many of which explicitly reverse others previously given. It is complained that this has caused unnecessary waste of time, annoyance and irritation to both employers and workmen. It is declared by employers, by Trade Union secretaries, and even by Board of Trade officials, that the umpire has ruled certain classes of tradesmen "in," and almost the next day he has ruled them "out" again. As a matter of fact, we have the ridiculous position of fitters and other mechanics *working together in the same establishment*, some being held to be insurable and others not to be insurable. This appears to have arisen from the umpire's attempts to dissociate workmen employed in making machines from workmen who are employed mainly in making accessories to machines!

LET US ROUND OFF THE EDGES!

The problem has no doubt been found unexpectedly difficult; and the volume of the umpire's decisions may be commended to sanguine Syndicalists! But the present inequality is so glaring, and such a cause of scandal, that the matter cannot be left where it is. Employers are paying contributions in one week, only to find the next week that their workmen have been ruled "out" by the umpire. They then have to go through the cumbersome procedure of applying for refunds. On the other hand, workmen who ought to have been included from the start find themselves brought in at subsequent dates. As every one of the two and a quarter million workmen is separately registered at the Board of Trade, and dealt with directly and personally, the administrative work is enormously increased by having first of all to deal with application forms, issue of books, etc., and then to cancel

them. What seems imperatively demanded is that the Board of Trade should, without legislation, at once use its power under Sec. 103 to "extend" the Unemployment Insurance scheme—not so much for the sake of enlarging its scope but in order to "round off," by careful new delimitation of frontiers, in the light of a year's experience, the "ragged edges" which the umpire's decisions have left.

(b) How the Payments are being made.

A sum of about £35,000 is every week now being received by the Government for the Unemployment Fund, practically all of it by the sale of stamps. The Government contribution for the year 1913-4 (including expenses and repayments to Trade Unions) is put at £766,000, or £14,730 per week, making a total of practically £50,000 per week.

The employers' contribution, as they themselves recognise, has, for the most part, been added to the price of the commodity, and has doubtless played its part in the exceptional rise (over 5 per cent.) of prices during 1912. It is plain that this has been the case with regard to ships and engines and house-building. The little builder complains that he is hard hit, but this is really due to the growth of the great contracting firms.

The workman has borne the deduction from his wages with surprising acquiescence. In the seven industries concerned the employers have not attempted to "take it out" of the workman (these being practically all men and protected by Trade Unionism); and, what is more remarkable, there can be noted scarcely any case in which there is evidence that proposals, during the past six months, either for higher wages or for lower, have arisen from the new impost. The Government has had amazing good fortune in starting the scheme in an almost unexampled "boom" of trade.

THE HARDSHIP TO THE POOREST.

Unfortunately (just as in the case of Sickness Insurance) the scheme is found to be causing grievous hardship, and very serious oppression to the worst paid workers. The builders' labourer, seldom earning as much as £50 in a year; the plater's helper, in most ports not making as much as this; the Roman Catholic shipyard labourer at Belfast and the West of Ireland "waller," or mason's assistant, whose yearly earnings are even smaller, are finding themselves mulcted, for Sickness and Unemployment Insurance together, in what is virtually an income tax of fivepence or sixpence in the pound, which is actually a higher rate in the pound, than is paid (allowing for the abatement) by the clerk or shopkeeper or manager at £180 a year. Here, again, with the rise of

prices caused, in part, by the Insurance Act, it is the unfortunate housekeeping women and the children who are, even whilst the man is at work, actually going short of food by reason of the tax.

But, again as under Part I. of the Act, it is especially the intermittently employed workers in the house and shipbuilding industries, the painters, and the fringe of casual hands round the coach-building, saw-milling trades, and on contractors' works, who are most heavily penalised for Unemployment Insurance, and least likely to prove eligible, under its stringent conditions, for adequate Unemployment Benefit. There is even a special aggravation of their grievance. Such casual workers have, under Part II. of the Act, to be separately paid for, and their books stamped, not (as in the case of Sickness Insurance) once a week, but *in respect of each separate "period of employment,"* even if this is only of an hour's duration! It is true that, if the period of employment is one day or less, the payment is only a penny from the workman and a penny from the employer. But this is a heavy tax on an hour's job at sixpence!* The result is that men casually employed in such places as shipbuilding yards, especially on small repairing jobs, are finding themselves mulcted of one or two shillings (and there are cases in which the deduction has amounted even to three shillings), in respect of their broken bits of employment during a single week! Such deductions from the scanty earnings of men only casually employed—due to the divergence of Part II. of the Act from Part I. as to the unit of contribution—ought at once to be stopped.

The grievous and exceptional pressure on the standard of life of the casual worker, caused by this levy of a separate contribution on each separate "period of employment," is aggravated by all the drawbacks to which attention has been drawn in connection with Sickness Insurance. Employers or foremen are known to dislike taking on a workman who has not a stamp on his Health Insurance card for the current week; and the workmen are driven to affix stamps to their cards at their own expense in order that they may not lose a chance of employment on Mondays.

THE DIFFICULTIES OF SECTION 99.

Now, it is interesting to learn that this hard case of the casual worker was foreseen by the framers of the Unemployment Insurance Scheme, even if the gravity of the evil was under-estimated. The oppressive levy of a separate contribution for each separate period of unemployment

(instead of allowing, as under Part I. of the Act, one contribution to cover a whole week) *was deliberately planned* in order to drive both masters and men to make use of (and to enter into a commutation agreement with) the Labour Exchange, and thus take the first step towards decasualisation. Under Section 99 of the Act the Government offers that, where the employers agree, the Labour Exchange may stamp the books and cards, and make the deductions, and in that case the Government will *treat the employment of the casual labourer as continuous*, and therefore subject it to only one payment per week. This act of far-seeing statesmanship, as it must be deemed, was based on a sense of the importance of making universal the use of the Labour Exchange, and of thus securing the first step towards decasualisation. It was felt that this was worth the price of the special hardship to be temporarily put on the casual worker.

SUCCESS IN SOUTH WALES.

In one case Section 99 has been put in operation with great success. The ship-repairing employers of Cardiff, Barry, Newport, and Port Talbot, about 33 in number, and employing some 8,000 workmen who are very casually engaged, have got the Board of Trade to agree that the local Labour Exchanges shall register all the men, supply them with the metal tallies, without which no one can get a job, keep the accounts for both employers and men from returns furnished weekly, stamp the men's Sickness Insurance cards and Unemployment Insurance books, and recover from the employers a contribution towards the cost of this work. Nearly £250 a week is now collected by the Labour Exchanges in this way. Both employer and workmen get the advantage of paying only one contribution per week, just as if the work was continuous, the men are relieved of the trouble of carrying and perpetually producing their books and cards, and the total charge made to the employers for the clerical labour is under £3 a week.

At Leicester a similar scheme has been instituted for about 4,000 men working for 100 local employers. And there are said to be over 200 cases (besides those already mentioned in connection with Part I.) in which Section 99 has been made use of, although it almost seems as if the fact had been as far as possible concealed!

THE GOVERNMENT WILL NOT GO ON

But what has been allowed in South Wales and in some 200 other cases, covering about 130,000 men, has been refused elsewhere. Unfortunately for some unexplained reason—it is whispered that the Treasury has refused its sanction to the Board

* For not exceeding two days twopence must be paid on each side, as compared with only twopence halfpenny for a full week. It must be remembered that, once in each calendar week, the Sickness Insurance contribution has to be paid in addition.

of Trade paying the wages on behalf of the employers (as at the Liverpool Docks)—the Government has been slow in acting on Section 99. A large number of applications were made for commutation by employers all over the country—by house builders, by engineering firms, by large contractors, and by shipbuilders. In some cases all the members of trades such as the building or engineering trades in a large industrial town made combined application.

In this way, for some reason not yet revealed, the Government (we know not which Department is at fault), has failed to make general use of its own proposal, and *has thus left the casual worker to suffer the full oppression of the Act*, which he was never intended to bear, because it was devised as a means of inducing the employers to apply for a commutation arrangement.

THE LIVERPOOL DOCK SCHEME.

Meanwhile, at Liverpool, Manchester, and Goole, analogous commutation arrangements under Part I. of the Act, with regard to dock labour, cotton warehousemen, and cloth-porters, are affording additional examples of how advantageous it is for the Labour Exchange to deal with the cards and books instead of leaving it to each man, on each separate engagement during the week or the day, to lodge his card or book with each separate employer, and reclaim it from him at the close of each separate job. Under such an arrangement, neither the employer nor the workman is charged with contributions in excess of the time actually worked. The man, whose card has, on Monday or Tuesday, not yet been stamped is placed at no disadvantage. Moreover, there are many reasons why it is a drawback for a workman—especially the casually employed workman—to have to show his card or book to each of his many employers. Careful as the Government has been to avoid distinguishing marks, the bare official contents are a sort of “character note,” which the workman dislikes, and which is terribly hard on the man unfortunate enough to have been unemployed even for good reasons.

ADVANTAGES OF SECTION 99.

For instance, workmen who are exempt on account of age have, in the absence of a commutation arrangement, to produce to their employer an exemption form; and they assert and believe that in many cases this has prevented their gaining employment, as no one cares to employ on the score of age a man over 65 when his attention is called to it. It is complained that some employers refuse to stamp workmen's books for trivial reasons. One of the causes of the extreme pressure of work at the Labour Exchanges is

alleged to be the necessity for continually writing to employers, demanding that they should stamp certain workmen's books. Employers sometimes make difficulties about handing over a workman's book on the termination of the employment, and this occurs more especially when men are scarce and when the operative (without breach of contract) throws up his work at short notice. The workmen fear that employers are sometimes trying to use the withholding of the book as a lever to keep the workman in employment, under unsatisfactory conditions. Where the books are kept by the Labour Exchange, and stamped there on behalf of all the employers who are parties to the commutation agreement, all these inconveniences and chances of oppression are done away with; whilst the employers' book-keeping is simplified to an enormous extent, and his financial burden diminished.

On all grounds the Government should be pressed to carry out the Act everywhere as regards Section 99.

THE PERMISSION TO THE TRADE UNIONS TO DEAL DIRECTLY WITH THEIR OWN MEMBERS.

One of the most valued concessions to the Trade Unions giving “Out of Work Pay” was that (Section 105) which enabled the Board of Trade virtually to use the Union as its agent, so that the Trade Unionists might receive their own Out of Work Pay, and be dealt with exclusively by their own organisation. This has been taken advantage of by practically all the Unions in question, 99 in number, having no fewer than 5,330 Branches, but these have only some 530,000 members among the 2,297,000 insured persons. The plan is not without grave danger to Trade Unionism.

Coming as it has done simultaneously with the enormous and complicated duties undertaken by the Trade Unions under Part I. of the Act, it has fairly broken down their office staffs, who have been almost buried in books and forms. The student of Trade Unionism can only speculate what will be the effect of this transformation into officers of huge insurance businesses of the executives of the Unions, who ought to be coping with the difficult and complicated work of controlling the conditions of their members' wage contracts. The Trade Unions ought really to be creating and developing two separate headquarters' staffs, one dealing exclusively with the insurance work, and the other completely free to specialise on its economic and industrial problems.

The Board of Trade appears to have accepted for this purpose, with little demur, all Trade Unions giving Out of Work pay—even if they have no better distributing centre than the public-

house—although it has rightly endeavoured to secure that the Union should possess some efficient means of notifying to its members who are out of work any vacancies which may be available. Any Trade Union paying its own members must, however, necessarily work hand in hand with the Labour Exchange—that is to say, although it pays its members their benefits, the members must, in the first instance, fill in the application form for Unemployment Benefit at a Labour Exchange.

ISSUE OF UNEMPLOYED BENEFIT.

In the week following January 15th last the first Unemployment Benefit became payable. It brings home to us the constancy and ubiquity of the problem of Unemployment when we learn that, in this time of almost unparalleled briskness of trade, out of 2,297,000 insured workmen, more than 100,000 are found to be signing the Labour Exchanges' books as unemployed. At Manchester the crowd of applicants was over 400 strong. Such a number of unemployed—5 per cent. of the whole body of insured persons—gives some reason to wonder whether the percentage of unemployment of the five-sixths of the men who are not members of Trade Unions giving Out of Work pay may not prove to be much higher than that among the one-sixth (of whom alone we have hitherto had statistics). However, the numbers may be due merely to the usual winter slackness of the building trades, which have 8 or 9 per cent. unemployed; and to the exceptional slackness of work in London in all the insured trades. Half of all the 187,805 claims already made are from the building trades, and among the "navvies." Many fascinating problems are evidently going to arise. In the meantime, about £30,000 a week is being paid out in Unemployment Benefit at the rate of 7s. per week—five-sixths of it through the Labour Exchanges and one-sixth of it through the Trade Union branches—to more than 100,000 workmen, five-sixths of whom would otherwise have been without "Out of Work pay."

THE DISPUTES FOR THE COURTS OF REFEREES.

An insured workman must, in order to draw Unemployment Benefit, prove that he be unemployed; and this fact is verified by making him sign the book at the Labour Exchange daily.* This

* Opportunity has been taken to increase the number of Labour Exchanges to over 400, and to institute over 1,000 branch "agencies." Nevertheless, in some parts of Ireland and Scotland—even in Wales and England—there is no Labour Exchange, and no "agency," within ten miles. In these cases, up to eight miles, the unemployed man has to

obligation to call and sign will, however, not prevent him from doing casual jobs at house-painting or carpentering repairs, especially for private customers.* More serious is the fact that a great many employers still refuse to make use of the Labour Exchange, so that nothing like all the available vacancies become known to the Government. The question arises whether it is not necessary to require, in order that men may not go on drawing Unemployment Benefit when there are situations to be had—especially as five-sixths of the men are outside any Trade Union—that all vacancies in the insured trades shall be reported to the Labour Exchange. But much greater difficulties will arise when the cases of refusal of unemployment come up. A workman is not to have his Unemployment Benefit withheld merely because (section 86 (a), (b), and (c)) he refuses to accept a situation where there is a trade dispute on, or one at lower wages than he has been getting, or one in some other town at less than the local standard rate. We have here what amounts, in effect, to a momentous decision by Parliament in favour of the Standard Rate of Wages, and of what are usually termed Trade Union conditions. In nearly every town there are one or two employers who persist in paying "under rate," and in ignoring these conditions. Henceforth an unemployed workman may be subsidised, to the extent of 7s. a week, so long as he refuses to accept these inferior terms.

THE COURT OF REFEREES.

Now, the decision as to whether or not a workman is eligible for Unemployment Benefit (and therefore the decision on all these points) rests, so far as regards the five-sixths of the men not in Trade Unions, practically with the "Court of Referees," consisting of one or more persons chosen to represent employers, and one or more chosen to represent workmen, in each case drawn from a panel formed by the Board of Trade, and presided over by a Chairman appointed by that Board. Although over 187,000 claims have already been made, and

come once a week to sign the book. A very equivocal system of "vacant tickets" has been instituted, which a workman who wishes to travel in search of work may sign at any Labour Exchange. This may easily lead to a quite undesirable revival of the tramping system.

* Unlike Sickness Benefit, Unemployment Benefit does not depend on the beneficiary being wholly unemployed. He must not, it is true, draw it whilst "he is following any remunerative occupation in an insured trade," however small may be his earnings. But he is not precluded (sec. 107 (1)) from "following any other occupation from which he derives any remuneration or profit" not exceeding the Unemployment Benefit of 7s. per week. Thus, a carpenter or engineer out of work may quite legitimately draw his 7s. a week Unemployment Benefit, so long as he cannot get work at his own trade at the local standard rate, even if he is earning 7s. a week by shoemaking or gardening or keeping a small shop, or by working as a dock or wharf labourer.

many questions are daily arising on them, the Board have not yet published the panels, nor announced who have been appointed chairmen; although in most places the Courts have begun to sit.

To form the panels the Board of Trade have been, as regards the employers' representatives, consulting Employers' Associations and Chambers of Commerce; and a large number of employers have consented to act. As regards the workmen's representatives, nominations were invited from all the 1,800,000 insured workmen who had worked for five years in an insured trade; and an election was held at each Labour Exchange throughout the country, at which all these 1,800,000 were invited to vote by ballot for the necessary number of representatives for the panel in each district.*

It is expected that the Courts of Referees will meet about once a week. All the members are to be paid, at rates not yet disclosed, for each day's sitting. The Board of Trade will, it may be assumed, publish in the *Labour Gazette* summary reports of the cases decided. It seems important that the Courts should sit in public; that the place and time of their sittings should be publicly announced beforehand; and that at any rate the representatives of the Labour newspapers should be allowed to attend. The Board of Trade, which seems to be working the Act quite efficiently and well, carries the policy of secrecy rather far!

SUBVENTIONS TO TRADE UNIONS IN OTHER TRADES.

It is not usually realised that the Unemployment Insurance scheme is not wholly restricted to the seven "insured trades." Under Sec. 106, the Board of Trade will repay, to any Trade Union giving Out of Work pay, in any industry whatsoever, one-sixth of what it has spent in this way during the preceding quarter, in Out of Work allowances of not more than 12s. per week. There are believed to be about 700 Trade Unions outside the insured trades, habitually dispensing Out of Work pay to the unemployed among their 300,000

* It must be regarded as extraordinary, and not very creditable to the "Labour" newspapers in particular, that practically no notice of this gigantic and extremely important election appeared in the press. It would be interesting to know how many persons were nominated and how many votes were cast. Unfortunately great complaints were made that the Board of Trade forms of nomination were extraordinarily complicated; that no fewer than twenty-five nominators were required in each case; that these had all to belong to one and the same group of trades, to sign in their own hands, and to give, not only their names and addresses, but also the Labour Exchange or other office from which their Insurance book was issued, and even the numbers of each of these books, *which are normally in the custody of the employer!* It is said that any nomination form that was in the least degree defective in any one of these respects was held to be invalid. A number of candidates were accordingly disqualified!

members, to the extent of between £200,000 and £600,000 a year according to the state of trade. In order to encourage the provision of Out of Work pay by Trade Unions generally, the Government will reimburse one-sixth of this sum, without any onerous conditions. Up to the present, only 274 out of these 700 Unions had given notice of their intention to take advantage of this offer! Surely, the others ought to bestir themselves. The sum of £70,000 has been provided in the Estimates for 1913-4 for this purpose.

THE COSTLINESS AND COMPLICATION OF THE SCHEME.

The Unemployment Insurance scheme is open to the same criticism as the Sickness Insurance scheme in the matter of costly complication. Every employer in the insured trades, and every Trade Union, has had to engage a staff of clerks to cope with the elaborate forms and schedules and books and accounts which the Board of Trade has prescribed. The forms themselves are extraordinarily elaborate and minute, quite beyond the capacity of the average boilermaker or bricklayer's labourer. We have already referred to the unnecessarily elaborate form of nomination for workmen's representatives for the panels. This is typical of the whole. And it is not as if all this elaborateness saved time to the Government offices. On the contrary, the Labour Exchanges have had to take on masses of temporary clerks, and have nevertheless had to work almost continuously overtime; whilst the headquarters staff has swollen to a prodigious size. This mass of work has arisen from the decision of the Board of Trade not to deal with the matter through societies or local offices, but to enter into direct personal relations with everyone of the two and a quarter millions of workmen in the insured trades; and to keep elaborate records of their names, their addresses, the exact day of their birth, their precise kind and grade of work, and the amount of their employment during each particular week of the calendar year. In addition, every Labour Exchange necessarily keeps its own set of records of the men in the insured trades, as of those in other trades, so that there is already extensive duplication. Never, since the world began, has there been so gigantic a development of "card catalogues" as in the United Kingdom during the past six months! The Government printing orders for cards and books went into numbers of astronomical magnitude. At one time every printer on the Stationery Office list was choked with Government orders, and the Stationery Office refused to look at any additional demand.

THE EFFECTS OF UNEMPLOYMENT INSURANCE.

It is, of course, far too soon to judge of the effects, for good and for evil, of this experiment

in Unemployment Insurance. The fundamental criticism that "insurance does not prevent"; and that we have still to press for the adoption of measures deliberately contrived as far as possible to prevent the occurrence of unemployment and under-employment, is, so far, entirely upheld by experience. Even the slight beginning that it was hoped to make towards "decasualisation" has (owing to the unexplained slowness of the Government to carry out Sec. 99 of the Act) not been made to any great extent. There is as yet no sign that the existence of the Unemployment Insurance Fund is causing the different Government Departments to take any steps to use their orders in such a way as to regularise the national aggregate demand for labour, year by year.

On the other hand, it is difficult to over-estimate the value of the provision of 7s. a week to every man in these trades who finds himself involuntarily unemployed. This will uphold many suffering households. There is here even a slight step towards the "regularisation" of demand, and therefore towards maintenance of the volume of employment at a constant level. The withholding from immediate consumption of the insurance contribution of the employed men and the corresponding expenditure of the Unemployment Benefit by the men who would otherwise be spending nothing, cannot fail to exercise a certain compensating effect, and thus have a real advantage, in years of depression, in preventing "reverberation." When the scheme is extended to the rest of the wage-earning population, this effect will be more marked. The early extension of the Act—for instance, to the dock labourers, to all factory workers in wood or metal, to the clothing trades and those engaged in the preparation of foods—is accordingly greatly to be desired.

"RUNNING OUT OF BENEFIT."

It will presently be seen to be a grave drawback that the maximum period of benefit is so restricted. The "waiting week"—the first week of unemployment during which nothing is paid—is felt to be a hardship. Unlike the broad generosity of Mr. Lloyd George's provision for medical attendance, where the member of an approved society can practically never run "out of benefit," the workman insured against unemployment will find himself frequently, as the Trade Unionists say, "box fast," and deprived of the 7s. on which his household has been relying. A workman who finds himself unemployed to-day can draw at most only ten weeks' benefit; indeed, if

he has only lately entered the trade, at most only five weeks' benefit. Many a man who has been only intermittently employed during the last six months finds that he is entitled to draw one or two weeks only. No man can draw for more than fifteen weeks continuously, or for more than that in any one year. Now, unemployment often lasts months on end. Trade Unions habitually give their out-of-work pay continuously for six months if required; and then often have to relieve members who are still out of work. There is here a great contrast between the two parts of the Act. The framers of Part I. of the Act seem to have thought always of the insured person's needs: the framers of Part II. seem to have first fixed the contribution according to what the employers would bear, and then to have found themselves unable to provide as much as is required. Hence, whatever measure of relief Part II. may afford, it leaves unsolved, not only the problem of how to prevent the occurrence of unemployment, but even that of providing for the man who is unemployed and "out of benefit."

IT PROVIDES NO TRAINING FOR THE UNEMPLOYED.

It is a further drawback that whilst the means of "loafing" are provided, no provision is made for protecting the unemployed men from the degeneration and demoralisation that too often wait on days spent without occupation. There is not even provision for enabling the willing workman, not even the youth under twenty-one, to employ the vacant hours, for which the State is partly paying, in improving himself in body or mind. No technical institute has been asked by the Government to open physical training or technological classes for unemployed workmen, at hours suited to their unaccustomed leisure. To some, indeed, this failure to accompany the "Idle Pay" with any sort of "training" or other organised occupation of the day, seems (along with the lack of any attempt at prevention) the principal blot on the scheme. Unfortunately, we gather that the Government is, in this respect, not even carrying out its own Act. Section 100 does provide, under certain circumstances, for the technical training of the unemployed man, at the expense of the Unemployed Fund. Nothing has been done to bring this section into force, and, as *the Treasury has sanctioned no expenditure* under it, we can only infer that there is, at present, no intention of making use of it.